

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 2022

METHODIST INDEPENDENT SCHOOLS TRUST
YEAR ENDED 31 AUGUST 2022

CONTENTS

	Page
Reference and Administrative Details	2
Report of the Trustees (incorporating Strategic Report)	7
Independent Auditor's Report	40
Consolidated Statement of Financial Activities	43
Consolidated and Charity Statements of Financial Position	44
Consolidated Statement of Cash Flows	45
Notes to the Financial Statements	46

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REFERENCE AND ADMINISTRATIVE INFORMATION

Name	Methodist Independent Schools Trust
Charity Registration Number	1142794
Company Registration Number	07649422
Registered Office	66 Lincoln's Inn Fields, London WC2A 3LH
Correspondence address	27 Tavistock Square, London, WC1H 9HH

Trustees		Appointment	Committees
Revd Dr C T Samuel		<i>Chair</i>	Ex N
Revd S Burgess		M	Aw Ex N
Mrs E Cleland		M	A Ex N
Mrs L Cocking		C	
Mrs B Easton		M	
Mr M Edwards	<i>(Chairs nominee until 31 August 2022)</i>	C	
Mr T Emmett	<i>(Co-opted from 1 January 2023)</i>	T*	F
Mr A Harris	<i>(Chairs nominee from 1 September 2022)</i>	C	
Mr S Holliday		T	F R
Mrs H Mbeah-Bankas	<i>(from 30 March 2022)</i>	M	F N
Mr H Monro		T	A R
Lady F Mynors		T	A R N
Revd Dr J Pye	<i>Chair of District</i>	M	
Mr R Thomas		C	
Dr J N Tunncliffe		T	Ex F
Mr J Weaving	<i>(until 31 August 2022)</i>	T	F
Revd Dr A Wood	<i>Connexional Representative**</i>	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

** Revd Dr Andrew Wood, Head of Ministries at the Methodist Church, is in attendance at Trustee meetings as Connexional Representative, but is not formally appointed a Trustee.

Officers

<i>General Secretary</i>	Mr D Humphreys (until 28 February 2023)
<i>Chief Executive Officer</i>	Ms Judith Fenn (from 20 February 2023)
<i>Business Director</i>	Mrs S Roxby

METHODIST INDEPENDENT SCHOOLS TRUST
YEAR ENDED 31 AUGUST 2022

REFERENCE AND ADMINISTRATIVE INFORMATION

Bankers

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

Auditor

21/22 Financial Year:

RSM UK Audit LLP
25 Farringdon Street
London EC4A 4AB

22/23 Financial Year and Beyond:

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

Solicitors

Farrer & Co LLP
66 Lincoln Inn Fields
London WC2A 3LH

Pothecary Witham Weld
84 Eccleston Square, Pimlico
London SW1V 1PX

Trust Schools
(part of MIST)

Address

Head

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 (*until 31 December 2021*)

Mr Mark Turnbull (*from 1 January 2022*)

Kent College, Pembury

Old Church Road, Pembury
Tunbridge Wells, Kent TN2
4AX

Ms J Lodrick (*until 31 December 2021*)

Ms Katrina Handford (*from 1 January 2022*)

Queen's College,
Taunton

Trull Road, Taunton,
Somerset TA1 4QS

Mr Julian Noad (*from 1 September 2021*)

Shebbear College

Beaworthy,
Devon EX21 5HJ

Mrs C Kirby (*to 31 August 2022*)

Mr Charlie Jenkins (*from 1 September 2022*)

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REFERENCE AND ADMINISTRATIVE INFORMATION

Truro School	Trennick Lane, Truro, Cornwall TR1 1TH	Mr A Johnson
Woodhouse Grove School	Apperley Bridge, West Yorkshire BD10 0NR	Mr J Lockwood
Acquired Schools <i>(consolidated into MIST)</i>	Address	Charity No. Head
Lorenden School	Painter's Forstal, Faversham, Kent ME13 OEM	1048805 Mr Richard McIntosh
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 Ms T White (<i>Nursery Manager</i>)
Truro High School for Girls <i>(until 30 April 2022)</i>	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:

	Company reg. no.
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:

	Company reg. no.
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:

	Company reg. no.
Moorlands School Enterprises Limited	3726256
Truro High School Trading Limited <i>(consolidated into MIST to 30 April 2022)</i>	8920547

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REFERENCE AND ADMINISTRATIVE INFORMATION

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.
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 or within the MIST Head Office accounting records.

	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
The Kent College (Wottonley House) Fund	Kent College Canterbury	Scholarships and bursars to the school for children in the local area	1142794-8

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REFERENCE AND ADMINISTRATIVE INFORMATION

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	1142794-9 (previously 313642)
--	--	---	-------------------------------------

The following charity is linked to the Woodhouse Grove School Foundation

Southerns Memorial Scholarship Fund	Woodhouse Grove	University scholarships for boys who have attended Woodhouse Grove School	1176406-1
--	-----------------	--	-----------

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
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 2022

REPORT OF THE TRUSTEES

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 2022. 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 entities 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. On 19 November 2021 the land, buildings and operational assets of St Petroc's School and Early Years setting were sold and normal trading ceased in all material respects from that date onwards. On 30 April 2022, Truro High School for Girls left the Group. Further information about the change to the status of these two schools is provided at page 27.

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.

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE 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.

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 2021-22 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, and Awards. 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 (whose role will be renamed to that of Chief Executive Officer from February 2023) 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 (or equivalent). The General Secretary/CEO 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/CEO, 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.

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

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.

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 the Trust and its Schools should aim:

- to be caring Christian family communities committed to the development of the full potential of each individual, enabling pupils and staff to live their lives to the full and transform society for the better, to the glory of God;
- to attain high educational standards that meet the needs of all children and enable them to develop their talents and skills wherever they lie;
- to work with and in the communities they serve; providing an understanding and experience of service to all communities (local, national and global); promoting social justice and environmental sustainability;
- to uphold Christian values in practice as well as in theory; to make religious education a strong feature of the curriculum; worshipping in the Methodist tradition whilst welcoming and including people of all faiths and none;
- to counter prejudice and intolerance in whatever form that takes by encouraging mutual respect, understanding the importance of forgiveness, reconciliation, and renewal, respecting not only the beauty of cultural diversity but also our common humanity;
- to 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; and
- to be beacons of inclusive excellence developing confident, resilient, considerate, tolerant, and enthusiastic people who enjoy working with others and are willing and able to influence the world for good.

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 INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

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 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.17 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 regularly by the Independent Schools Inspectorate (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 around 6,000 children nationwide, delivering a significant 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;

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

- 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 Education Trust (EET) 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 EET as a means of sharing support and expertise. MIST also facilitates collaboration between schools in MIST, MAST and 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 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 some of the activities that would normally be undertaken either by Schools or by other organisations on School sites, following the period during which the regulations and guidance limited gatherings and group activities, and during which many potential participants in such activities were reluctant to re-engage. However, Schools have continued to find innovative ways to connect with their local communities and where possible have re-commenced community focused activities. Examples may be found in the Achievements and Performance section from page 20 onwards.

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

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

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.

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.

GHG emissions and energy use data for period 1 September 2021 to 31 August 2022

	Current Reporting Year 2021-2022	Previous Reporting Year 2020-2021
	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.	35,148,378.98	34,095,322.84
Scope 1: Emissions from the combustion of Natural Gas (tCO ₂ e)	3564.52	3,569.65
Scope 1: Emissions from combustion of other Fuels for heating and Transport (tCO ₂ e). (see evidence pack)	738.11	467.98
Scope 1: Emissions of Biomass Pellet / Chip (tCO ₂ e)	8.18	10.57
Scope 3: Emissions from business travel in employee-owned vehicles, where the company repaid mileage claims (tCO ₂ e) (average vehicle / fuel source unknown)	16.31	0.83
Scope 2: Emissions from purchased Electricity and Biomass Heat (tCO ₂ e)	1690.91	1,733.41
Total gross CO ₂ e based on above (tCO ₂ e)	6018.03	5,782.44
Intensity Ratio: tCO ₂ e gross figure based on mandatory fields above / 1,000 m ² gross internal floor area	33.81 tCO₂e / 1,000 m²	31.73 tCO₂e / 1,000 m²

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

All energy data above and supporting documents used in completing this report are contained within the SECR Evidence Pack prepared for MIST by Powerful Allies.

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 and 2020/21
Emission Conversions:	All emission factors for CO ₂ e, have been calculated using Defra Conversions 2022, as the period covers four-months of 2021 and eight-months of 2022, in accordance with Defra guidelines.
Intensity Ratio:	The Intensity Ratio used is tCO ₂ e per Square Metre of Gross Internal Area.
Grey Fleet:	Where applicable, consumption was converted using Defra conversions, based on the information provided, Miles Reclaimed as a total cost at Rates Payable or Miles Claimed. Where Size, Type and Fuel are unknown, these have been calculated using Averages and Unknown respectively.

Third Party Verification

The energy data has been compiled and verified by Sean Midgley (ESOS Lead Assessor) of Powerful Allies Limited, CIBSE Registration No: ESOS185262.

Energy Efficiency Action

Progress has been made with decarbonisation of the Methodist Independent Schools Trust (MIST) school estates as follows:

- a. The data show a 4% increase in total emissions and a 6.6% increase in the intensity ratio for 2021-22 when compared with the data for 2020-21, and the figures are also slightly higher than the equivalent figures for the baseline year of 2019-20. Data for both the previous years were skewed due to Covid disruption. Schools were almost completely closed by the national lockdown for the majority of the Summer Term of 2019-20. There were further Covid security measures (requiring additional ventilation) and a second period of school closure implemented during 2020/21. As well as having an impact on the extent to which school premises needed to be heated, these restrictions also had a significant impact on emissions associated with travel, with business travel by staff and school trips being very limited. As a result, our assessor has recommended that the baseline should be reset using this 2021/22 data as the point of comparison for 2022/23 SECR and Phase 3 ESOS Compliance Reporting, and to track the Group's progress towards Net Zero. This would more accurately reflect routine operation of the schools.
- b. During the financial year 100% of electricity supplied to all but one of the MIST schools was from 100% REGO Backed Renewable Zero Carbon Generation. Culford School remains on legacy contracts with non-Renewable Energy Supplies, but is undergoing a review exercise. Underlying electricity consumption increased in comparison with previous years as a result of a return to

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

normal school operations. However, emissions associated with electricity reduced as a result of a reduction in the carbon intensity multiplier for the National Grid.

- c. Culford School and Shebbear College are largely heated from 'Low Carbon' Biomass Boilers, Culford is provided on a Power Purchase Agreement (PPA – Scope 2), whilst Shebbear is heated from Biomass Chip in their own boiler (Scope 1). During Storm Eunice in February 2022 Culford School was affected by a major power outage which prevented the biomass system from functioning. During the three week period while the damage was assessed and the situation was rectified the school was reliant on oil and LPG boilers, which contributed proportionately more to their emissions than the equivalent period on biomass would have done.
- d. During the data collection schools have reported they have undertaken improvements in building controls and made better use of online energy data monitoring, to identify possible issues with controls (both Gas and Electricity where possible).
- e. The ongoing centralisation of energy data has improved granularity 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.
- f. MIST has centralised most of its Half-Hourly AMR Energy metering data, implementing a programme 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. Woodhouse Grove and Moorlands Schools routinely check their new metering, which identified a faulty gas meter (not recording energy consumption), supported the schools with energy reductions (e.g. for the swimming pool at Woodhouse Grove). Queen's College Taunton now only has one gas meter remaining requiring upgrade, which will be carefully planned to limit the impact of the school-wide shutdown required. Truro School have installed some submetering to gain a clearer overview of energy use by building.
- g. Gas consumption has increased slightly due to local weather conditions and additional ventilation, although emissions associated with natural gas are slightly less as result of a reduction in the DEFRA multiplier for this energy source. Work continues to gain better control of school heating systems, including detailed knowledge of how the timers actually work and programming them, replacing radiator valves, replacing thermostats and flushing/desludging the pipework. There are two schools in the portfolio which are not connected to the gas grid (Culford School and Shebbear College), both of which rely primarily on biomass for heating. There is one school which is partially gas and partially oil (Kent College Pembury). Strategic planning is under way to consider how best to rationalise the heating arrangements here in the context of the changes to regulations associated with the installation of new gas boilers.
- h. Much of the estate has been upgraded to low energy LED lighting through a series of local projects. The total percentage complete is unknown, however, five schools have completely replaced their original lighting with LED, whilst the remaining schools have been upgrading gradually and on failure of fittings. For example, Moorlands School still requires the majority of fittings to be upgraded, which is due to be a focus during the next financial year 2022/23. During the year Truro School completed LED lighting upgrades to offices and classroom in some areas of the Senior School and Sports Hall, Dining Hall and some classrooms within the Prep School.

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

- i. Solar Photovoltaic Electricity Generation was 187,443 kWh / avoiding 36.2 tCO₂e being emitted to atmosphere across Shebbear College, Truro School, and Kent College Pembury. Zero carbon generation is set to increase during 2022/23, with Woodhouse Grove having recently installed Solar PV, (which was not commissioned / generating during this reporting period). Culford School is actively considering the installation of a Solar PV farm as a key strategic priority.
- j. Transport (Scope 1) and Travel by use of Grey Fleet (Scope 3): Scope 1 Emissions from fossil fuels account for 233.58 tCO₂e/4% of total emissions. Whilst there are plans to upgrade minibuses, the cost and limitations of Electrified Minibuses available is a barrier to expediting the transition, particularly for schools in rural areas with extended transport routes. Scope 3 Emissions (use of personal vehicles for business travel) increased very significantly on previous years – a combination of a return to more normal levels of business travel and better data capture by the schools. However, in the context of overall emissions this figure should be regarded as de-minimis, being 0.1% of total emissions of CO₂e, during this reporting period.
- k. Heating, Pool Pump Circulation and Mechanical Ventilation have been identified as Significant Energy Users. Improvements in building fabric to reduce heat losses, more energy-efficient boilers / Low Carbon alternatives, energy-efficient pool circulation pumps (IE3 or better), Variable Speed Drives on circulation pumps and converting Mechanical Ventilation with Direct Drive Fans, Volume / CO₂ Controls and Heat Recovery, should be a priority to aid further energy reductions for Scopes 1 and 2 emissions.
- l. Woodhouse Grove School has appointed a Sustainability and Energy officer whose focus on making and sustaining practical changes in the use of energy across the site has proved both financially and environmentally rewarding. Other schools are now exploring this option.

During 2022 MIST carried out a scoping study in order to establish the scale of the challenge, indicative priorities and order of costs associated with achieving net-zero across the school estates, in order to inform the Group's Net Zero Strategy. The most significant element of the journey to Net Zero will be the need to move away from fossil-fuel based heat generation, which will require a major programme of capital expenditure.

Based on this preliminary work, MIST Trustees approved a Group Net Zero strategy at the very end of the financial year, which will shape the planning and local activity moving forward. Trustees also agreed to fund more detailed Estate Decarbonisation Plans for each of the school sites, which will further inform the planning for the investment required to achieve net zero across the estate.

MIST has set itself the target of achieving Net Zero by 2040, with an interim target of a 75% reduction by 2035 from the total emissions in this report. This target recognises both the scale of the challenge and the quantum of the investment likely to be necessary, as well as likely progress with decarbonisation of the National Grid for electricity and regulation-driven shifts in the fuel used in privately owned vehicles.

MIST has set five priorities for action as follows:

1. Proactive planning and prioritisation of projects associated with Estate Decarbonisation (including primarily the phasing out fossil fuel heating plant);
2. The reduction of energy use for heating, including improving the thermal efficiency of the buildings on the site, and considering carefully whether new builds can be justified;

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

3. Optimising the use of electricity through practical steps to reduce electricity use across the estate, as well as identifying opportunities for on-site generation;
4. Reducing dependency on diesel and petrol vehicles in both the school fleet and third-party hires through the purchase or prioritisation of Electric Vehicles, provision of charging facilities on site and practical strategies to reduce the number of journeys;
5. Updating and communicating the procurement policy in each school to reflect the need for the pro-active minimisation of carbon emissions both on site and in the supply chain.

In addition, schools are encouraged to take a range of other actions, such as pro-active reduction in water use, reducing waste and increasing re-use and recycling, developing a policy for school trips which balances the educational requirement against the carbon emissions associated with each journey, improving the biodiversity of school sites and embedding sustainability into both the curriculum and co-curricular programme for students.

Strategic report

Strategies

During the year the Trust has pursued the following strategies for achieving and 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.

MIST has a strategic plan covering the period 2020-25 which sets out specific ambitions under four key headings:

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;

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

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.

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:

Section 172 Responsibilities	Specific examples
Long term results: The likely consequences of any decision in the long term	<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 and reviewed 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>
Our workforce: The interests of MIST's employees and volunteers	<p>Staff well-being, particularly in the face of the pressures of dealing with the recent pandemic and its ongoing effects, 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>During and following 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 has applied for accreditation as 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. Staff and student well-being are regular items for input and discussion.</p>

METHODIST INDEPENDENT SCHOOLS TRUST
YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

Section 172 Responsibilities	Specific examples
<p>Our business relationships: 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. Our schools provide regular opportunities for parent and pupil feedback, and take action where appropriate.</p> <p>We maintain clear 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 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 good relationships with its key advisers as trusted partners whose advice and support are founded on a clear understanding of MIST's structure, objectives and priorities. We regularly review and re-tender for group-wide services (audit, banking etc) and each school reviews and re-tenders locally for the provision of key services in order to ensure ongoing quality and value for money for the charity based on a shared understanding of our current requirements.</p>
<p>The community and our environment: 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 staff and 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.</p> <p>MIST published a Net Zero strategy at the end of August 2022, in which Trustees committed to working to achieve Net Zero by 2040. Work is under way to assess the most effective way and likely cost of minimising the reliance of each of our school estates on fossil fuels for heating.</p>
<p>Our desire to maintain our reputation for high standards of business conduct</p>	<p>We set ourselves high standards, which are described in our Governance Manual, Code of Conduct, Financial Procedures Manual 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 through a mixture of internal and third-party assessment which consider the practices and controls operating in our</p>

METHODIST INDEPENDENT SCHOOLS TRUST
YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

Section 172 Responsibilities	Specific examples
	<p>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 about their experience of the standard of business conduct by the schools, and the inspection reports include any recommendations arising from these. Our Schools typically receive very positive feedback.</p> <p>We are committed to doing our utmost to ensure that modern slavery is not taking place anywhere in our own business or our supply chains. Each of our schools endorses that commitment and works proactively to fulfil it.</p> <p>As ambassadors for the Methodist Church in their communities, our Schools consciously set themselves high standards for considerate behaviour.</p>
<p>Fairness: 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, with a rotating programme of annual visits. Annual School Reports are reviewed and discussed by Trustees.</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/bursary awards are made on the basis of published criteria. Parents and students are encouraged to communicate openly and regularly with staff in Schools in order that the best possible outcomes are achieved for all our beneficiaries.</p> <p>Regular meetings of Bursars, Heads, Chairs of Governors, Chairs of Finance, Finance Leads 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

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 MIST's 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

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

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 capturing 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

MIST continues to pursue the objectives set out in our Group Strategic Plan 2020-25. Key achievements during the year are set out under each heading below:

Christian in Character:

During the year MIST completed and piloted a draft framework for school self/peer-evaluation based on the Statutory Inspection of Anglican and Methodist Schools (SIAMS) process used in the maintained sector. This will be used to capture, support and share the means by which our schools demonstrate their distinctive Methodist character and ethos. In addition, MIST undertook a planned review of Religious Education across the schools. This will inform future work to ensure that our schools lead by example through outstanding practice in the teaching of RE.

Connected:

Work has continued to strengthen links and networks both within and beyond the Group. Peer network meetings have continued and are important forums for the sharing of information and good practice and for debate, mutual support and advice.

The schools have been delighted to re-connect in person with their local communities following the relaxation of Covid restrictions and have reported on their achievements in this regard below.

Planning is well under way for a major conference to be held in 2023 for Methodist Schools and educators both in the UK and overseas, show-casing high-profile speakers, celebrating our shared heritage and engaging with the challenges that we face as Methodist Schools in the 21st century.

Collaborative and Effective:

Across the group, student outcomes in public examinations were positive, in line with national expectations (i.e. stronger than in 2019 – the last year before the pandemic interrupted exam arrangements, but less strong than the two intervening years when schools made local assessments in line with Government guidance). The schools have reported that students are making good progress despite the extended periods of online learning during the pandemic, but they continue to identify and pursue opportunities to support student and family wellbeing and to further re-establish school routines. Schools inspected during the year all demonstrated full compliance and high standards of educational provision. Specific achievements by each school are captured below.

Commercially Strong and Affordable:

The group provided education to 6,206 school age pupils (2021: 5,965 pupils), of whom 15% (2021: 15%) were boarders. Scholarships and bursaries awarded by the Schools and the Trust, the latter of which are means tested, amounted to £8,835,000, 8% of gross fee income (2021: £9,130,000, 9%).

The year was characterised by stronger than expected pupil recruitment, including sustained interest in boarding, which provided a strong financial foundation and gave the schools increased confidence in continuing to evolve their academic and co-curricular offerings and in re-building and extending

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

community partnerships. Whilst income from trading activity in support of the work of the schools remains lower than before the pandemic, the schools have been pleased to re-open their facilities for wider use.

£6.3m of capital expenditure took place during the year (2021: £2.9m). Following limitations placed on expenditure during the pandemic, capital investment recommenced, although still at a reduced level, and schools carried out a number of local projects to safeguard the condition of their buildings and other assets. The schools updated their site masterplans during the year, and this will feed into a refreshed capital investment programme over the next three to five years, which will dovetail with the plans for moving towards net-zero.

All schools are feeling the effects of the change in economic context following the pandemic and the war in Ukraine. Costs have increased across the board but particularly in catering and maintenance, and it is becoming increasingly difficult to recruit and retain staff in a number of support staff roles, particularly for schools in rural locations. MIST has applied for accreditation as a Living Wage employer with the Living Wage Foundation, following confirmation that the minimum rate is being paid across our schools and their contractors.

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.	MIST is proud of the resilience of its schools through the Covid-19 pandemic and delighted that the schools continue to demonstrate high levels of pupil achievement and ongoing care and consideration for the wider community.
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 at Group level in the financial year, primarily as a result of the changing membership of the Group affecting the final outturn. However, five individual schools achieved the target, and two more were within 1%.
Free reserves to be approximately 10% of Total Income across the Trust and the Schools.	Trustees are delighted that the reserves position strengthened considerably this year, and at 9% is close to the Group target. It is noted that changes to the Group's borrowing facilities have a direct impact on future calculations of free reserves.
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 in-principle approval was given for loans associated with capital projects at Kent College Pembury and Woodhouse Grove School, but neither school drew down on the facility in-year. Total internal loan balances were 17% of GFI.

Activities and achievements at each school:

Culford School

Culford offers independent day and boarding education in Suffolk to 781 pupils aged from 3 to 18 years, of whom over 250 are boarders. Culford came through the pandemic in extremely good shape,

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

opening on record pupil numbers in September 2021. Enforced closure during 2020 and 2021 led the school to accelerate investment in ICT in order to provide a seamless transition to blended learning. That has continued and teachers have focused heavily upon making blended learning part of a dynamic classroom experience. New appointments of a Head of CPD and a Head of Pupil Performance underlined Culford's determination to leverage new ways of working, and pupil examination results in 2022 were very pleasing – being slightly ahead of 2019 results (the last year in which external exams took place). The school continues to develop its curriculum, offering an increasing range of options in IT and in design technology and the creative arts.

Despite the pandemic, with finances remaining healthy, the school has been able to invest in a number of new facilities including a recording studio, the Patterson Centre for creative technology, and, most recently, a new short practice area for the golf Academy to give us the best facilities in East Anglia.

During the year, younger students in the Prep and Pre-Prep held non-uniform days for Animal Rescue and Children in Need, supported a local food bank Gatehouse, held a Macmillan Coffee Morning and Activity Day, supported Comic Relief and Diabetes UK, the 'Queen's Green Canopy' and held a 'Greens and Jeans' day. At Christmas the children set up a Giving Tree to help those locally in need. Parents and staff donated toys, which were split between East Anglia Children's Hospice, St. Nicholas Hospice, Leeway Domestic Abuse charity and the Rainbow Ward and West Suffolk Hospital.

The Senior School supported Suffolk Refugee Support's appeal to help Afghan refugees and the local food bank Storehouse. Pupils ran a 'White Ribbon' campaign to raise awareness of violence against women and girls, raising money for Bury St Edmunds Women's Aid through the sale of the ribbons. Culford School accepted four Ukrainian pupils on significant bursaries in response to the war, in addition to those students already in receipt of means tested bursary assistance.

The school continues to make its site and facilities available to users from the local community in a mixture of commercial and subsidised arrangements.

Farringtons School

Farringtons offers 3-18 day and boarding education within a fully co-educational school. The School welcomes pupils from a wide range of academic abilities, provides excellent pastoral care underpinned by the Methodist ethos. The School has approximately 700 students (including Nursery) of whom 30 are boarders.

At A level, performance was broadly in line with 2019, the last conventional year of examination results, with 67% of grades awarded A*-C. 38% of students achieved at least one A*/A and 20% of students achieved two A*/A grades this year. Students gained places at a number of prestigious institutions including the Universities of Manchester, Nottingham, Queen Mary's (London) and Sussex. Students have chosen to read a diverse range of subjects, ranging from Mechanical Engineering, German and Japanese, Finance and Investment banking and Fashion. Baseline testing of the GCSE cohort in Year 7 suggested that 85% of the cohort should go on to achieve five good GCSE passes (including English and Maths) at 9-4. 89% of the Year 11 students achieved this feat with, an overall 4% value added measurement on the group's underlying ability. In the Junior School, our pupils complete GL assessments at the end of the academic year. 54% of the cohort achieved the Exceeding Standard in English and 47% in Maths, compared to 23% nationally.

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

In September 2021, Farringtons introduced the Floreat co-curricular activities programme: Floreat, meaning “to thrive”. The Floreat programme is delivered in the timetabled school day and offers challenge, enrichment and diversity for students in years 7-12. Floreat seeks to develop students’ social, moral, spiritual and cultural skills, boosting young peoples’ ability to succeed in education, work and society. By trying a variety of new activities ranging from Archery to Mindfulness, from Podcasting to Japanese Culture, students develop greater self-confidence, leadership skills and the joy of discovering new things. Farringtons was shortlisted for two Independent School of the Year Awards in 2022, one for the Floreat activities programme and one for the Farringtons Futures Careers programme.

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 valued by parents during the Covid-19 pandemic and will be important going forwards in the current economic climate. Pupils with difficult home lives have also been supported within the boarding community.

Relationships are in place with other schools and the facilities are made available for educational and community purposes. The swimming pool is made available to local primary schools and clubs, meeting facilities are made available to local charities and the School organises fund raising activities for various charities. Approximately 1,500 people who were not members of the school community benefited from the school’s facilities during the course of the year. 37 individual pupils received bursary assistance in the 2021-22 academic year.

Kent College Canterbury

Kent College Canterbury remains a successful Methodist Christian school which is inclusive and non-selective, educating 785 children in addition to our pre-school pupils at the Junior School and at Garden Cottage Nursery. We are a values-led community that believes the best outcomes for all students are achieved through individualised learning, close pastoral care and participation in a broad curriculum. This is why Kent College is regularly included in the top 10 UK IB schools, with an average point score of 37 over the last 5 years. At A level almost 70% of all outcomes are at A*-B. In a post covid educational landscape we place emphasis upon supporting individuals to develop the skills and resilience to face the challenges of later life and make an active contribution to communities beyond our own school. We offer over 100 co-curricular activities, and this year have embedded a new house system to enhance the pastoral support we provide to our students.

Kent College has continued to invest in our facilities, and this year has opened new netball and tennis courts, a new sixth form centre and new common rooms for the boarding houses. The school was pleased to continue to support the Canterbury Festival through the use of the Great Hall as a key Festival venue, and has hosted a wide range of community events on the school site, including at the school’s farm.

Kent College wants to encourage our pupils in an informed critical examination of standards and values in wider society and has introduced a new PSHE programme. This also integrates with whole school assemblies, chapel themes and tutor groups to create a coherence that encourages wider discussion. A recent partnership with Edukid will build a global citizenship programme that provides all students with real insight in to social and economic issues facing their indigenous peers in Peru.

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

Staff from the school volunteer as governors at a number of local schools, and taster days are offered. As last year there are a range of local charities that the school and pupils have been instrumental in raising money for such as Porchlight, Pilgrim's Hospice, Canterbury Food Bank and RNLI Whitstable. The school also lost a Y9 pupil to a brain tumour and this has stimulated further fundraising by the pupils.

Kent College Pembury

Kent College is a school inspired by its pupils; the students are driven, tenacious, remarkably aware, full of endless spirit and they most certainly have a voice. Education is so much more than the core curriculum. It is the breadth and quality of opportunities on offer that play a central part in the development of character and life-skills. When students finally emerge in 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, Kent College prides itself on having a strong moral compass as a school community, and 'doing all the good you can' is at the heart of school life.

Kent College ended the year with a total of 477 pupils (excluding nursery) which was well ahead of the budget figures. Entry at eleven and thirteen is by the GL CAT4 test. The school accepts a wide range of academic ability, with approximately half of our KS3 intake within the top 25% of the national ability range. There was an average of 68 boarders, attracting pupils from around the world. The Prep School had 139 pupils on roll aged 3 to 11. There were 11 boys across nursery and reception.

Students once again excelled in their academic achievement, with those in Year 11 achieving value added scores which place the school in the top 10% of the country based on this measure. Upper Sixth students also performed remarkably well with 33% of grades awarded at A* and 54% of grades being awarded A* or A. Students at Kent College do not simply perform well academically, but achieve in a wider variety of activities. For example, in sport, the Year 10 hockey team are national champions and two students have been selected for the U16 England Squad. Music, Drama and Dance performances are first-rate, with students securing places in the West End and across the country. For example, two students have been working with the Pauline Quirke Academy and one student successfully completed a tour in "Identical the Musical".

The school emerged from Covid-19 in a strong position, with a healthy surplus for the year. This has allowed continuation of the swimming pool project, with demolition of the existing pool completed over the summer of 2022 and the rebuild due to be completed in summer 2023. The coming year will also see an overhaul of the IT infrastructure to support the roll out of 1:1 devices for staff.

Kent College has continued to 'do all the good' by funding two places for Ukrainian students, collecting for the Red Cross Ukrainian Appeal, regularly supporting food banks and raising money for Solar Aid, Comic Relief and Children in Need. Work with the West Kent Independent State School Partnership has been reinvigorated after the pandemic with lectures and masterclasses on the theme of Adventures in Sound.

Lorenden School

The governors, children and staff of Lorenden exemplify the school's ethos and values, which are encapsulated in the school's motto: 'We Care. We Share. We Strive. We Succeed'. This aligns with the school reward system and permeates throughout the school to develop grounded and well-rounded young people who learn successfully. Lorenden pupils have a strong sense of community and family,

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

and the large majority ultimately progress to their senior school of choice, be this a grammar, independent or comprehensive school. There are never more than 120 pupils in attendance at Lorenden on any given day. Small class sizes help to ensure that pupils get personalised and individual attention from staff.

The school's ethos is notable within the Buddy system, where Year 6 children look after Reception pupils, and Year 5 have a similar relationship with Nursery. Lorenden is a dynamic and happy school, with a hugely supportive environment where staff have high expectations of pupils. Several visitors have noted that staff and pupils can usually be seen to be smiling - Lorenden embodies the principle that happy staff ensure happy children.

A significant volume of charity work continues to take place, with local charities such as the Faversham Foodbank receiving lots of support from the Lorenden community, often led by the student council (known as 'Pupil Voice'). The 'Friends of Lorenden' and the pupils were also very keen to undertake fundraising for The Red Cross in Ukraine. Local community partnerships are also developing – a new hall is currently being constructed in the local village, and the Lorenden community are keen to support this venture.

Lorenden's broad and balanced curriculum is enriched by a wide array of talented specialist staff, with PE, Games, Music and Modern Foreign Languages all taught by specialist practitioners. Lorenden has Forest School status, with a programme that is devised and implemented by a highly skilled Forest School expert. The rich curriculum is extended by a wide range of extra-curricular activities that are designed to appeal to various interests and passions. Sport is notably strong, while Lorenden's Forest School status and reputation for excellent Kent Test outcomes are particularly attractive to parents. The majority of pupils work 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%.)

During 2021-22, the school undertook a number of refurbishment works including classrooms and outside play/teaching areas for younger pupils. Further refurbishment of two classrooms is planned together with the building of a new music block, subject to planning approval.

During 2021-22 the trustees of Lorenden School and the Trustees of MIST agreed that it would be in the best interests of both charities for Lorenden to come fully into MIST. This process concluded on 30 September 2022 (see page 30).

Moorlands School

There have been many positives for Moorlands this year, including starting in September 2021 with a school roll of 140 children, and a Year 6 class of 20 pupils, all of whom achieved their first choice of senior school with seven being offered scholarships. Following the constraints of COVID, Moorlands was pleased to be able to run all school events as planned – Carol Service, sports days, KS2 Concerts, school plays - with parents in attendance. All of the pupils from Years 2 to 6 went on a residential visit, and for many this was a highlight of their year.

A focus on positive mental health saw a newly formed Wellbeing Committee planning and creating a Wellbeing Room, which has been well-used and beneficial to all pupils. Moorlands is a diverse and supportive community, which has been enhanced by the introduction of the 'No Outsiders'

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

programme, which is based on high quality children's literature, opening new conversations helping prepare our pupils for life as global citizens.

A brand-new Reception class teaching space, consisting of two large, light classrooms and toilets, was created on the first floor of the building in readiness for use from September 2022. Reception are benefitting from being a more integral part of the whole school, with their location close to the KS1 classrooms. The Nursery classes – Squirrels and Foxes – also benefit from having a large classroom each in the Nursery area, which has given a much more spacious feel.

The school community has continued to be generous in its support of local and national charities, with over £3,000 raised during the course of the year as well as regular donations to the local foodbank. The Moorlands School Association (MSA) held three school fairs, which brought welcome opportunities for families to come together and re-establish face-to-face relationships, following the physical isolation that COVID enforced.

During 2021-22 the trustees of Moorlands School and the Trustees of MIST agreed that it would be in the best interests of both charities for Moorlands to come fully into MIST. This process concluded on 30 September 2022 (see page 30).

Queen's College Taunton

Queen's College is an independent, co-educational day and boarding school of more than 600 pupils, of whom around 160 board. The College consists of a nursery, prep school, a senior school and a sixth form. The school owes its foundation to leading local Methodists and Wesleyan principles remain at its heart.

With a new Head of Prep in 2020 and new Head of College in 2021, Queen's is in a rejuvenating phase, with a growing pupil roll based upon confidence and improved reputation. An inspection in which all standards were met confirmed the foundations of safeguarding and coherent educational policy.

Academic results from its broad ability pupil body are excellent (63% A*-B at A-level and 53% grades 9-7 at GCSE) and set within a programme of superb pastoral care and very wide challenge and opportunity. This year the school has opened a new Wellbeing Centre and has a programme of activities to support students, staff and parents.

A dedicated, whole college Charity Committee has been set up and is led by a senior pupil to coordinate and encourage charitable work and giving with a focus on "doing". We continue to visit and host local primary schools, providing access to our academic staff and our facilities. For example, we run science and maths 'shows', sports outreach and specialist 'Discovery Days' in Prep as well as invitations to local schools to watch Queen's performances in Queen's Hall. Queen's College sports and drama facilities are used by a range of community organisations, often for no charge. In the year 86 pupils benefitted by £574,000 of means tested assistance.

Recently installed all-weather cricket nets and a dedicated indoor climbing centre are key additions to the school site.

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 almost 300 pupils from Reception to Upper Sixth and 50 or so boarders from age 9, the school's strength is its individual approach. Every teacher knows how

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

every child learns, resulting in a tailored education in which happy, motivated pupils achieve their very best.

This approach struck a chord with the visiting ISI inspection team in September 2021, who awarded Shebbear College with 'Excellent' gradings for both the quality of pupils' academic and other achievements and the quality of pupils' personal development. Our pupils continued to excel throughout the academic year with highlights ranging from one of our L6th pupils releasing a music single through to our U14 rugby 7s team winning the ISA cup. Academic results and progression after the Sixth Form remain strong with 80% of pupils achieving a place at their first-choice university and an increase in pupils winning places on higher level apprenticeships.

During the last year, Shebbear College has continued to develop its aims set out in its 5-year Strategic Development Plan. This is a whole school 'family' approach in which Prep, Senior, Boarding and Day all benefit by encompassing inclusivity and diversity with pupils at its heart. The initiation of the "Digital Transformation" programme in 2021-22 led to the introduction of a "bring your own device" policy, which will be further developed next year.

The school recognises the increasing importance of its strong pastoral care and wellbeing offering. Its Health and Wellbeing Centre provides support to enhance mental health and personal resilience across the whole school and reflected a whole school approach by achieving the Wellbeing Award for Schools this year.

The school now has an exciting 10-year Site Development Plan to complement its grounds and facilities. This year boarding was a focus with Pollard Boarding House common room undergoing a full refurbishment alongside Ruddle Boarding House being wholly refurbished which now boasts the highest standards of flexible boarding accommodation. The school has also improved the Day House experience through a programme of refurbishment. There has also been considerable emphasis on developing sports and activities to pre-pandemic levels. The recarpeting of the all-weather pitch now provides a state-of-the-art sports facility for the whole school.

Shebbear College students have undertaken a number of activities to develop our ethos and bind us closer to our local community including a variety of fund-raising events for local, national and global charities. The school is developing relations with local food banks and the local hospice, as well as partnerships with Exeter Chiefs Rugby Club through Business Studies and North Devon Biosphere through the Humanities faculty. We also have a supportive partnership with Shebbear Primary School, at which a number of Shebbear College staff are governors.

St Petroc's School

The Trustees made the difficult decision to close the preparatory section of St Petroc's School in September 2020 following the serious impact of the Covid pandemic on trading performance. The Early Years department continued to operate. On 19 November 2021 the land, buildings and operational assets of St Petroc's School and Nursery were sold to a single buyer, with Early Years staff being transferred across to the purchaser under TUPE regulations. Normal trading ceased in all material respects from that point onwards. The legal entity will be retained for a period of time to ensure the orderly winding up of operations; and the St Petroc's Trustees then plan to liquidate or dissolve it.

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

Truro High School

Following a period (since 2015) during which support - both financial and otherwise - from MIST facilitated the strengthening of Truro High School's position, the School left the Group by mutual agreement with effect from 30 April 2022, and continues to trade as a fully independent entity. As an Acquired School, Truro High School had retained its separate charitable status, and therefore the charitable assets associated with the School were granted outwards from the Group accounts on that date. This accounting treatment mirrors the approach taken when the net assets were granted into the MIST Group in 2015.

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 coeducational independent school in Cornwall, ending the year with 1,133 pupils of whom over 70 are boarders, drawn from over 12 countries.

At A Level the overall pass rate in 2022 was 100%, with 93% achieving A* to C and 81% A* to B. At GCSE 96% of pupils achieved grades 9-4 (A*-C), 77% grades 9-6 (A*-B) and 37% grades 9-8 (A*).

Truro School champions a breadth of education as well as academic excellence, and provides a wide range of co-curricular opportunities, with over 100 clubs active each week, many linked to the unique potential of our location that blends urban living in a rural setting with close access to the sea. Truro School hosts the UK Fencing Academy and a Leith's Cookery School as well as first class sporting and theatrical facilities.

Truro School is proud of the growing partnerships that are in place, including with Saints South-West and the Cornwall Music Services Trust amongst others. Truro School has a strong tradition of musical ambition and excellence, and is blessed by a dynamic partnership with Truro Cathedral through hosting its boy and girl Choristers. The school also hosts the Cornwall Music Services Trust who deliver music lessons 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 Prep assembly hall and music teaching area.

Through whole school charity days and the Harvest Festival Truro School has supported a local Foodbank and All We Can, Safe Passage and RNLI, Ukraine Red Cross and Young Minds as well as each form having an allocated charity week to support a charity of their choice. Truro School Outdoor Education department, through the Duke of Edinburgh Programme and WAA Community service, provide volunteering hours to the local community at several locations, including charity shops, community groups and health & social care institutions. Charity concerts were broadcast to the wider community with funds being raised at the Junior and Senior concerts. In partnership with Truro Cathedral, the girl and boy choristers make an invaluable contribution to the local community.

Truro School continues to make its facilities available to a wide range of local community organisations across music and sport, as well as engaging in academic partnerships with local state schools.

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

Woodhouse Grove School

A thriving school educating over a thousand students across Bronte Prep School and the Senior School site, Woodhouse Grove welcomes students from all backgrounds. Woodhouse Grove is an equal opportunities organisation and is committed to working environments that are free from any form of discrimination on the grounds of colour, race, ethnicity, religion, sex, sexual orientation or disability. The school makes reasonable adjustments to meet the needs of staff or students who are or become disabled. 5% of Grove pupils (approximately 75% of its boarding roll) are overseas nationals. The school also educates five students for whom it holds a Local Authority statement (now known as '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. Woodhouse Grove enjoys strong links with the local professional football club, Bradford City. Their Academy, Youth Development and First Team squad have a permanent base here at the School, and the school is proud to host their Charity Foundation football courses and training camps at weekends and in School holidays. The relationship with the Leeds Rhinos elite netball squads continues to develop and evolve.

The Grove is now in its fifth 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 the school's care. Both Year 13 leavers secured their preferred university places. Going forward, the School hopes to secure a more formal relationship with OIAMFS, in association with DfE, regarding their increased access to and usage of Woodhouse Grove's PE and Sporting facilities.

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 Charity 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 Spring Board Foundation (RNCSF) and is one of their main School partners in the north of England. An impact story is featured on the RNCSF website www.royalspringboard.org.uk.

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

Financial Review

Just under 90% of the group's incoming resources was school fee income in 2022, which amounted to £97.3 million in the year (2021: £88.9 million). Income from trading subsidiaries amounted to £3,162,000 (2021: £1,848,000) contributing £677,000 (2021: £206,000) after operating costs. Fundraising was carried out by some Schools at a total cost of £160,000 (2021: £111,000); voluntary income generated during the year amounted to £633,000 (2021: £987,000).

Trustees are pleased to report that the schools achieved a healthy operating surplus before donations and asset sales, reflecting the more consistent post-Covid trading context (without the discounts offered to fee-payers in the previous two years), the stronger pupil roll across the group, and ongoing caution in expenditure (both operating and capital). This represents a strong recovery at Group level from the difficulties of Covid, reflected in the fact that several schools exceeded MIST's KPI of 5% surplus after depreciation. Schools took the opportunity to return to targeted capital investment – with the result that capital expenditure reached £6.3m (2021: £2.9m) – a slightly lower figure than had been budgeted as a consequence of project delays.

Having consolidated its financial position over the period since it became an Acquired School of MIST in 2015, Truro High School repaid the outstanding balance on their loan from MIST and left the group by mutual agreement on 30 April 2022. The charitable assets associated with the school were granted outwards on that date (£4.073m). This one-off impact (a reversal of the donation of their assets to MIST on joining in 2015) is disclosed within the 'Charitable Expenditure – Other' expense category, and has resulted in the Group reporting an overall deficit for the year of £1.362m. The net quantifiable financial effect for the MIST Group of the support provided to Truro High School over the period from 2015 is broadly break-even. However, significant goodwill accumulated during the period through the support provided by the Group, and MIST is delighted that the School remains an active participant in the market for independent education in Truro.

St Petroc's School in Bude also left the group during the year. Following the difficult decision to close the prep school in the Autumn Term of 2020 resulting from difficulties exacerbated by the Covid-19 pandemic, the St Petroc's School land and buildings and the Early Years business were sold to an education provider by the St Petroc's Trustees in November 2021, at which point the company ceased normal trading. The MIST loan was partially repaid by the proceeds on the sale, with a small balance held over pending the expected receipt of accrued income during 2022-23. MIST Trustees agreed to write off a small shortfall on the loan in the interests of securing the future of the nursery business and dealing with the ongoing losses previously incurred in the prep school.

During 2021-22 MIST Trustees and the respective trustees of the two remaining Acquired Schools, Lorenden School and Moorlands School, agreed that the interests of all parties were best served by each school merging with MIST to become a Trust school. Whilst the transactions formalising these arrangements did not complete until 30 September 2022, this step concludes the process of rationalising the relationship of each of the Acquired Schools with MIST, strengthens the position of Lorenden and Moorlands for the future, will bring their property assets formally within the control of the MIST Trustees and will simplify the responsibilities of MIST Trustees in relation to these schools. MIST is confident that its structure as a single charity continues to offer financial security for the future of all ten Trust schools, supporting access to lending on favourable terms, and offering a structure

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

within which individual schools retain significant autonomy whilst operating within a framework of clear expectations and targeted support.

The results of the group have been consolidated in the attached accounts. The total funds held are £81,089,000 (2021: £82,451,000), and tangible fixed assets have decreased to £98,179,000 (2021: £103,185,000), a movement primarily driven by the gifting away of the assets of Truro High School.

MIST's cash flow was extremely healthy through the year, with cash and cash equivalents ending the year £7.4m higher than the opening balance of £809,000 at £8.2m, driven primarily by fee income ahead of budget throughout the year.

MIST operates a Revolving Credit Facility with HSBC which is committed until May 2023, and the Group has exercised the option to extend for a year after that (with a further one-year extension available). 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 2021-22 as a result of the strong cash balances, and no amounts were drawn down at year end.

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 (CFB), which operates a pro-active approach to ethical and socially responsible investing shaped by Christian values. During 2021 CFB announced their divestment from fossil fuels. CFB is a signatory to the Principles for Responsible Investment and attained the highest rating of A+ for overall Strategy and Governance in the 2020 PRI Assessment Report. The funds invested for MIST 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 at year end (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, the Committee 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 had a detrimental effect on the group's finances and on the free reserves position in the short term, from which the Group has recovered well this year. The trustees will continue to work

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

towards sustaining the target level of reserves in the medium to long term, whilst having regard to the appropriate development needs of its Schools.

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.

As at 31 August 2022, the free reserves of the group were £9,510,000 (2021: £4,591,000). The level of reserves held is 8.76% of total income (2021: 4.7%). The improved position reflects the stronger operating surplus, high cash balances and moderate capital expenditure which characterised the year, in addition to the change resulting from the removal of the endowed assets of Truro High School from the portfolio.

The free reserves have been calculated as follows:

	Group	
	2022	2021
	£000's	£000's
Total funds	81,089	82,451
Endowment funds	(285)	(2,005)
Restricted funds	(2,437)	(3,638)
Unrestricted funds	78,367	76,808
Property funds	(64,668)	(67,768)
Other designated funds	(4,189)	(4,449)
Free reserves	9,510	4,591

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.

Plans for future periods

MIST continues to implement its Strategic Development Plan for the period 2020-2025 across the four core objectives: Christian in character, connected, collaborative and effective and commercially strong and affordable.

Through this work 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 and support the schools with delivering financially sustainable, inclusive education that is focused strongly on both the individual and the community experience, shaped by Christian values.

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

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

Development plans at most of the Schools were interrupted by the need to deal with the immediate requirements of the Covid-19 pandemic. However, the Schools remain ambitious for the future and this year have spent time re-shaping their strategic plans and scoping the associated future capital programmes to support these (which will need to dovetail with our school de-carbonisation plans as these become available). The schools have set out their future plans as follows:

Culford School: Culford has grown yet again and is at record numbers in September 2022 (854). The Board of Governors approved our new five-year development plan in June 2022, which is focused upon putting right the final elements of ageing infrastructure and will set the school in good stead for at least 20 years and, in the case of Culford Hall's lead roof, for the next 100 years. Educationally, the focus is upon recruiting, developing and retaining the very best teachers possible with the role of the Head of CPD being critical. The other focus is upon continuing to recruit and retain able, motivated pupils positive about learning to ensure the best experience for all.

Farringtons School: The new Strategic Development Plan, 'Farringtons Towards 2030 – Hundreds of Individuals, One Community' was launched in 2022. Delivering against this will be a priority for the Board and the School's Senior Management Team in 2022-23 with particular focus on continuing to develop the provision for Highly Able Gifted and Talented pupils across the school; developing relationships with agents and raising our profile in a number of countries to increase boarding numbers; and further embedding of recent initiatives e.g. Floreat, Farringtons Futures, AS Steer (well-being tracking) and a new appraisal system.

A number of capital projects have been under consideration in recent years but have stalled at the planning stage. It is hoped that the School will be able to take advantage of the changes to the Permitted Development legislation around school development to move forward with these projects.

Kent College Canterbury: Under the leadership of the new Head, the school aims to ensure every child achieves the very best outcomes in all their learning; to support a culture that promotes the highest standards of wellbeing across our community and which allows every child to thrive; to provide the resourcing that ensures every child has the best possible experience at Kent College and so that staff live and work in a community in which they all feel supported; to promote and project the school as a centre for excellence in forward looking education to maximise applications for places, to attract the very best staff; to place the school at the centre of community initiatives; to embrace the opportunities provided by our international community so that our pupils can go on to thrive and make a difference in the global community; and to place environmental sustainability at the heart of our education and business.

Kent College Pembury: Key priorities for Kent College Pembury in the forthcoming academic year will remain strongly focussed on the recruitment and retention of pupils. It will be exciting to have the new swimming pool as a major capital project, which will be a signal of strength to those parents who are considering investing in independent education. The new IT network and the roll out of 1:1 devices for staff will keep Teaching & Learning at the cutting edge and planning will begin in earnest for 1:1 devices for students. As a school, Kent College aims to be the school of choice for its forward-thinking, creative and adventurous approach to life and learning, with all staff being tasked with ensuring every

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

element of school life is focused on preparing students for their lives as kind, compassionate and caring global citizens.

Lorenden School: Lorenden has engaged 'Inclusion Labs' to support work on developing practices in relation to Diversity, Equity and Inclusion in all aspects of school operations. Likely areas of focus include curriculum, recruitment and admissions. Increasing extra-curricular opportunities for the children, particularly in Pre-Prep years, is a welcome and necessary development. Given the small size of the staff team, this is not easily achievable, but has already progressed through recruitment of specialist, self-employed sports coaches. The under-construction Village Hall increases capacity for future activities. Innovative practices in Year 6 are being expanded. A Primary Politics, Philosophy and Economics course is now established, while individual Year 6 projects will now be supplemented by an age-appropriate 'extended essay', written by each Year 6 pupil. These achievements, along with other Year 6-specific features such as leadership roles, charity work and the end-of-year production, will combine to create a 'Lorenden diploma' award for each pupil, that is celebrated in the end of year Speech Day Awards.

Moorlands School: Key Priorities for 2022-23 for Moorlands are to formulate a new development plan for the next 4-5 years, including development of site and buildings; growth the pupil numbers in Foxes and Squirrels, to take advantage of increased Nursery space; ensure readiness for ISI EQI inspection; integrate use of IT across the curriculum, following investment in iPads and Surface laptops; develop the pupils' mental maths skills, identified as area for development from assessment results; and to gain outside recognition of quality of education and achievements – Artsmark, Eco-schools Award.

Queen's College Taunton: Queen's College will continue to build on the improved reputation and subsequent growing pupil roll. New management structures will be in to enable a more coherent and effective teaching and learning approach, whilst continuing to evolve an excellent pastoral care programme. A significant focus will be on estate capital projects, with the intention to significantly improve the campus. The 2022-23 curriculum review will build upon the school's Excellent ISI gradings by strengthening its whole school curriculum offering. Applying greater rigour and consistency to assessments across the school will be balanced by enhancing pupil wellbeing through the development of personal resilience.

Shebbear College: The school wishes to grow to a maximum of 350 pupils by enhancing the Sixth Form experience, developing greater coherence between the Prep and Senior Schools and enhancing diversity by re-balancing the number of overseas boarders. Shebbear's enviable site will continue to attract investment through improved boarding accommodation in Pollard, and development of the Sports Hall. A more operationally focused estate management plan will ensure a targeted allocation of resources in line with the school's priorities. Plans have been developed to enhance the school's digital infrastructure in 2022-23. This includes the roll out of a uniform device for pupils and staff alongside enhanced IT support and training.

Truro School: The school is entering the second year of a new and exciting strategic plan. The key site development activity will be to design and build a new music and wellbeing centre for the School, to further enhance the facilities and offering. There is also a clear post pandemic drive towards consistency of excellence in educational provision (academic, pastoral and co-curricular), following two years when continuity of service necessarily took precedence at times over consistency.

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

Woodhouse Grove: Following the strategic planning work carried out last year, the School has reviewed and refreshed its Development Plan. Despite current economic challenges, and with support from MIST, the school has plans to develop its sites over the next 18 months and has proposed Planning Applications for £5 million worth of capital projects. Woodhouse Grove seeks to instil a strong sense of environmental and social responsibility within our community and is committed to delivering the MIST Net-Zero Strategy and minimising the environmental footprint of the School site. The School remains committed to maintaining an excellent value for money approach to the quality of service provided, as well as maintaining a commitment to affordability issues, public benefit and being socially inclusive. The sustainability of boarding continues to be another area of focus, as does expanding the provision of means-tested and transformational bursaries.

Principal risks and uncertainties

All the Trust Schools have their own risk assessment procedures, including an (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.

There are some risks which continue to be relevant and which can be pro-actively mitigated at MIST and at individual school level – including:

- 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 any weakening in pupil recruitment and retention, or demand for boarding places; including the ongoing impact of the pandemic and (to as lesser extent) of Brexit on securing overseas admissions;
- 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.

There are other risks – particularly those associated with the charitable status of independent schools and the tax arrangements associated with this, and with potential changes in the costs to employers of the Teachers' Pension Scheme – which present a more fundamental challenge to the underlying viability of the independent sector more broadly. MIST's Trustees are monitoring these contextual risks closely, and will carry out scenario planning both at group and local levels to understand the potential impact of such changes. However, in the meantime MIST remains committed to offering high quality education rooted in Methodist values, and to working with its schools to manage costs,

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

improve efficiency, maintain quality and sustain demand for a MIST education in every market that we serve.

MIST sets clear expectations for the schools through published Key Performance Indicators (see page 21) 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, including the arrangement of and draw down against MIST's borrowing facilities with HSBC in response to cash flow requirements. A secured Revolving Credit Facility (in place until May 2024) 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.

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 monitored at school and Group level, and provisions are made where it is not expected that funds will be recovered on a timely basis. Year-end debtor levels as a percentage of Gross Fee income are at their lowest level in the last ten years.

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 financial status of MIST and have concluded that there is a reasonable expectation that MIST remains a going concern.

Following a strong performance this year, our forecasts assume limited growth in pupil numbers and acknowledge the ongoing challenge of recruiting overseas boarders. Whilst the economic situation for some UK independent school parents will be adversely affected by the increase in the cost of living, there are other families considering a move into the independent sector for the first time as state funded education becomes increasingly constrained.

Based on the consolidated budgets prepared by the schools and the strong opening cash balances in September 2022, there remains very significant headroom within MIST borrowing facilities throughout the year – to the extent that we have reduced our overdraft arrangements by £5m.

METHODIST INDEPENDENT SCHOOLS TRUST

YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

The Trustees are of the view that MIST's financial commitments can be safely accommodated within the revolving credit and overdraft facilities provided by HSBC, 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 economic 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;
- 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.

METHODIST INDEPENDENT SCHOOLS TRUST
YEAR ENDED 31 AUGUST 2022

REPORT OF THE TRUSTEES

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

J N Tunncliffe

.....
Chair of Finance Committee
Dr J N Tunncliffe

31/03/23

.....
Date

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

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 2022 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 2022 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

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

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 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 38, 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

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

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.

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 laws and regulations and inspected correspondence with regulatory authorities.

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

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.

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 31/03/23

METHODIST INDEPENDENT SCHOOLS TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(including an income and expenditure account)

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2022 £'000	Total 2021 £'000
INCOME AND ENDOWMENTS FROM:						
Donations and legacies	3	124	509	-	633	987
Charitable activity (provision of education):						
School fees	4	97,278	-	-	97,278	88,869
Other educational income	5	4,466	-	-	4,466	2,888
Other trading activities	6	3,652	-	-	3,652	2,111
Investments	8	137	17	-	154	106
Other	9	2,384	-	-	2,384	2,597
Total income		<u>108,041</u>	<u>526</u>	<u>-</u>	<u>108,567</u>	<u>97,558</u>
EXPENDITURE ON:						
Raising funds	10	(2,643)	(2)	-	(2,645)	(1,753)
Charitable activities	11	(103,817)	(871)	(2,005)	(106,693)	(95,747)
Total expenditure	11	<u>(106,460)</u>	<u>(873)</u>	<u>(2,005)</u>	<u>(109,338)</u>	<u>(97,500)</u>
Net (expenditure)/income before investment gains		<u>1,581</u>	<u>(347)</u>	<u>(2,005)</u>	<u>(771)</u>	<u>58</u>
Net (losses)/gains on investments	16	(473)	(84)	(34)	(591)	1,152
NET INCOME/(EXPENDITURE)		<u>1,108</u>	<u>(431)</u>	<u>(2,039)</u>	<u>(1,362)</u>	<u>1,210</u>
Transfers between funds	21	451	(770)	319	-	-
NET MOVEMENT IN FUNDS		<u>1,559</u>	<u>(1,201)</u>	<u>(1,720)</u>	<u>(1,362)</u>	<u>1,210</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		76,808	3,638	2,005	82,451	81,241
TOTAL FUNDS CARRIED FORWARD		<u>78,367</u>	<u>2,437</u>	<u>285</u>	<u>81,089</u>	<u>82,451</u>

METHODIST INDEPENDENT SCHOOLS TRUST

Company Number: 07649422

CONSOLIDATED AND CHARITY STATEMENTS OF FINANCIAL POSITION
AS AT 31 AUGUST 2022

	Notes	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
FIXED ASSETS:					
Tangible assets	15	98,179	103,185	95,992	95,380
Intangible assets		67	4	62	-
Investments	16	5,081	5,672	4,933	5,186
		<u>103,327</u>	<u>108,861</u>	<u>100,987</u>	<u>100,566</u>
CURRENT ASSETS:					
Stocks		208	167	136	101
Debtors: Due within one year	17	3,759	3,601	6,214	4,390
Debtors: Due after more than one year	17	-	-	-	3,995
Cash at bank and in hand		8,202	3,603	5,951	101
		<u>12,169</u>	<u>7,371</u>	<u>12,301</u>	<u>8,587</u>
LIABILITIES:					
Creditors: Amounts falling due within one year	18	(26,322)	(26,177)	(25,511)	(24,052)
NET CURRENT LIABILITIES		<u>(14,153)</u>	<u>(18,806)</u>	<u>(13,210)</u>	<u>(15,465)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>89,174</u>	<u>90,055</u>	<u>87,777</u>	<u>85,101</u>
Creditors: Amounts falling due after more than one year	19	(8,085)	(7,604)	(8,058)	(7,350)
TOTAL NET ASSETS		<u>81,089</u>	<u>82,451</u>	<u>79,719</u>	<u>77,751</u>
THE FUNDS OF THE GROUP/CHARITY:					
Endowment funds		285	2,005	285	-
Restricted income funds		2,437	3,638	2,369	2,833
Unrestricted funds					
Property fund		64,668	67,768	63,200	62,707
Other designated funds		4,189	4,449	4,040	4,443
General fund		9,510	4,591	9,825	7,768
Total unrestricted funds		<u>78,367</u>	<u>76,808</u>	<u>77,065</u>	<u>74,918</u>
TOTAL GROUP/CHARITY FUNDS	21	<u>81,089</u>	<u>82,451</u>	<u>79,719</u>	<u>77,751</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 £1,969,000 (2021: £690,000).

The financial statements were approved by the board of trustees and authorised for issue on 29 March 2023 and are signed on its behalf by:

J N Tunnicliffe

Dr J N Tunnicliffe
Chair of Finance Committee

METHODIST INDEPENDENT SCHOOLS TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2022

	2022 £'000	2021 £'000
CASH FLOW FROM OPERATING ACTIVITIES:		
Net (expenditure)/income from the reporting period (as per statement of financial activities)	(1,362)	1,210
Adjustments for:		
Depreciation and amortisation charges	5,398	5,712
Non-cash assets granted away - Truro High School	3,189	-
Net losses/(gains) on investment assets	591	(1,152)
Dividends and interest from investments	(154)	(106)
(Profit) on the sale of fixed assets	(229)	(168)
Interest payable	130	126
(Increase)/decrease in stocks	(41)	39
(Increase)/decrease in debtors	(331)	417
Increase in creditors	2,794	623
NET CASH PROVIDED BY OPERATING ACTIVITIES	9,985	6,701
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends and interest from investments	154	106
Proceeds from the sale of property, plant and equipment	932	168
Purchase of property, plant, equipment and intangibles	(6,348)	(2,888)
NET CASH USED IN INVESTING ACTIVITIES	(5,262)	(2,614)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Interest payable	(130)	(126)
Repayments of borrowings	(17)	(5,019)
Finance lease payments	(30)	(8)
Fees in advance scheme:		
New fees in advance money	2,966	1,763
Amounts repaid	(119)	(30)
NET CASH USED IN FINANCING ACTIVITIES	2,670	(3,420)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD	7,393	667
Cash and cash equivalents at the beginning of the reporting period	809	142
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	8,202	809
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	8,202	3,603
Bank overdrafts	-	(2,794)
	8,202	809

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

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 66 Lincoln's Inn Fields, London WC2A 3LH. 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 consider that, there are no material uncertainties about the charitable company's and group's ability to continue as a going concern. The trustees note that the group and charity net current liabilities of £14,153,000 and £13,210,000 respectively (2021: £18,806,000 and £15,465,000) reflect advance school fee payments, which occur in the normal course of business practice for independent schools.

As outlined in the Trustees' Annual Report, the strong results for the year and improved closing cash position, together with significant headroom in the borrowing facilities, put MIST on a strong footing to continue its recovery from the negative financial effects of the pandemic. The trustees review of financial position, reserves levels and future plans gives them confidence that the charitable company and group remains a going concern for the foreseeable future.

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.

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 are treated as a reduction in fees in the period for which they are given.

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.

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

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 over the lease period.

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), The Legal & General Worksave Pension Plan (L&GWPP); and one other 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 and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes. Contributions are calculated on a pay-as-you-go basis and there is 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.

The L&GWPP, is a group personal pension scheme. The default investment fund is the Legal & General Multi-Asset Fund 3, which aims to provide long-term investment and growth through exposure to a diversified range of asset classes.

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 last year end (this information is provided for comparative purposes only this year).

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.

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

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.

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.

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

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.

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 2022

3. DONATIONS AND LEGACIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000	Total 2021 £'000
Donations	124	509	-	633	987
	<u>124</u>	<u>509</u>	<u>-</u>	<u>633</u>	<u>987</u>
2021	<u>185</u>	<u>802</u>	<u>-</u>		<u>987</u>

4. SCHOOL FEES

	Total 2022 £'000	Total 2021 £'000
Gross school fees chargeable	111,531	106,145
Less:		
Scholarships awarded to pupils	(3,523)	(3,690)
Bursaries awarded to pupils	(5,312)	(5,440)
Staff, sibling and other allowances	(5,418)	(8,146)
	<u>97,278</u>	<u>88,869</u>

School fees income amounted to £97,278,000 (2021: £88,869,000) of which £188,000 (2021: £148,000) was met from restricted funds donated towards bursaries and scholarships.

5. OTHER EDUCATIONAL INCOME

	Total 2022 £'000	Total 2021 £'000
Optional subjects and pupils' extras	2,543	2,207
Other ancillary income	1,923	681
	<u>4,466</u>	<u>2,888</u>

2022 other educational income amounted to £4,466,000 (2021: £2,888,000) all of which was unrestricted.

6. OTHER TRADING ACTIVITIES

	Total 2022 £'000	Total 2021 £'000
Lettings income	490	263
Income from subsidiary trading activities (note 7)	3,162	1,848
	<u>3,652</u>	<u>2,111</u>

Other trading activities income amounted to £3,652,000 (2021: £2,111,000) all of which was unrestricted.

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

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.

	2022 £'000	2021 £'000
Turnover	3,162	1,848
Operating costs	(2,485)	(1,642)
Profit for the year	677	206
Total assets	1,880	1,503
Total liabilities	(2,040)	(1,515)
Total funds	(160)	(12)

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 school is summarised in aggregate below using information extracted from its audited financial statements. Please refer to note 16 for further details.

	2022 £'000	2021 £'000
Income	15	32
Operating costs	(11)	(3)
Profit for the year	4	29
Total assets	260	249
Total liabilities	(13)	(3)
Total funds	247	246

8. INVESTMENTS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000	Total 2021 £'000
Investment income	129	17	-	146	85
Bank and other interest	8	-	-	8	21
	137	17	-	154	106
2021	95	11	-		106

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

9. OTHER INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000	Total 2021 £'000
Other income:					
Government grants	-	-	-	-	1,514
Other items	2,384	-	-	2,384	1,083
	<u>2,384</u>	<u>-</u>	<u>-</u>	<u>2,384</u>	<u>2,597</u>
2021	<u>2,597</u>	<u>-</u>	<u>-</u>		<u>2,597</u>

Government grants in 2021 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. In the prior year a further £6,000 of furlough grants were 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 previous financial year to £1,520,000.

10. RAISING FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000	Total 2021 £'000
Fundraising costs	158	2	-	160	111
Cost of subsidiary trading activities	2,485	-	-	2,485	1,642
	<u>2,643</u>	<u>2</u>	<u>-</u>	<u>2,645</u>	<u>1,753</u>
2021	<u>1,749</u>	<u>4</u>	<u>-</u>		<u>1,753</u>

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

11. ANALYSIS OF EXPENDITURE

	Staff costs	Depreciation	Other	Total 2022	Total 2021
	£'000	£'000	£'000	£'000	£'000
Raising funds:					
Fundraising costs	1,501	14	1,130	2,645	1,753
Charitable activity (provision of education):					
Teaching costs	47,311	22	4,642	51,975	50,323
Welfare costs	4,057	-	7,144	11,201	9,288
Premises costs	5,690	3,007	10,990	19,687	18,398
Support costs	6,160	2,355	6,733	15,248	13,787
Governance costs	-	-	1,230	1,230	918
Charitable publicity costs	1,169	-	1,482	2,651	2,309
Finance costs	-	-	628	628	709
Other	-	-	4,073	4,073	15
	<u>65,888</u>	<u>5,398</u>	<u>38,052</u>	<u>109,338</u>	<u>97,500</u>
2021	<u>64,852</u>	<u>5,712</u>	<u>27,084</u>		<u>97,648</u>

Expenditure on raising funds was £2,645,000 (2021: £1,753,000), of which £2,643,000 (2021: £1,749,000) was unrestricted and £2,000 (2021: £4,000) was restricted.

Charitable activities expenditure amounted to £106,693,000 (2021: £95,747,000) of which £873,000 (2021: £273,000) was restricted.

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

As explained in the Trustees' Annual Report, the gifting out of Truro High School's net assets during the year amounted to £4,073,000 which is included within the 'Other' expenditure category in the above table.

12. GOVERNANCE COSTS

	2022 £'000	2021 £'000
Auditor's remuneration	132	127
Other professional fees	276	210
Governors' expenses	41	22
Other costs	<u>781</u>	<u>559</u>
	<u>1,230</u>	<u>918</u>

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

METHODIST INDEPENDENT SCHOOLS TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

13. NET INCOME/(EXPENDITURE)

	2022	2021
	£'000	£'000
Net income/(expenditure) for the year is stated after charging/(crediting):		
Amounts payable under operating leases	732	357
Depreciation on:		
Tangible fixed assets	5,369	5,712
Intangible fixed assets	29	-
(Profit) on disposal of tangible fixed assets	(229)	(168)
Interest payable on loans	130	126
Bad debts written off	338	231
Auditor's remuneration:		
Audit services - statutory audit of parent and consolidated accounts	100	80
Other services:		
Audit services - statutory audit of subsidiaries	32	47
Taxation compliance services	25	25

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

14. STAFF COSTS

<i>Group</i>	2022 £'000	2021 £'000
The aggregate staff costs during the year comprised:		
Wages and salaries	52,815	51,860
Social security costs	5,084	4,747
Defined benefit pension costs	7,722	7,753
Defined contribution pension costs	179	59
Termination/redundancy payments	88	433
	<u>65,888</u>	<u>64,852</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 £10,000 (2021: £39,000) was included within creditors at the balance sheet date.

	2022 No.	2021 No.
The average number of employees during the year comprised:		
Teaching staff	827	848
Non-teaching staff	<u>1,328</u>	<u>1,219</u>
	<u>2,155</u>	<u>2,067</u>

	2022 No.	2021 No.
The average number of employees during the year on the full time equivalent basis comprised:		
Teaching staff	705	715
Non-teaching staff	<u>842</u>	<u>803</u>
	<u>1,547</u>	<u>1,518</u>

With the introduction of a new finance system during the year, and increased standardisation of schools' reporting, the classification of certain members of staff between Teaching and Non-teaching categories for statistical purposes has been regularised during the year and the prior year figures have been restated (although the total numbers of staff remains the same in the comparatives).

	2022 No.	2021 No.
The number of employees whose emoluments exceeded £60,000 during the year were as follows:		
£60,001 - £70,000	17	19
£70,001 - £80,000	11	9
£80,001 - £90,000	7	7
£90,001 - £100,000	4	4
£100,001 - £110,000	2	2
£110,001 - £120,000	3	3
£120,001 - £130,000	4	1
£130,001 - £140,000	1	1
£140,001 - £150,000	-	2
£160,001 - £170,000	3	1

In respect of employees whose emoluments exceeded £60,000 during the year, total pension contributions payable during the year amounted to £718,000 (2021: £517,000).

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 year, and 9 individuals (2021: none), who were trustees were reimbursed £11,000 for any travelling and subsistence costs incurred (2021: £nil).

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

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 £7,653,000 (2021: £7,358,000).

Charity	2022 £'000	2021 £'000
The aggregate staff costs during the year comprised:		
Wages and salaries	48,320	47,003
Social security costs	4,746	4,418
Defined benefit pension costs	7,251	7,187
Defined contribution pension costs	165	42
Termination/redundancy payments	88	420
	<u>60,570</u>	<u>59,070</u>

Of the termination payments identified above, a total of £10,000 (2021: £39,000) was included within creditors at the balance sheet date.

	2022 No.	2021 No.
The average number of employees during the year comprised:		
Teaching staff	721	725
Other staff	<u>1,227</u>	<u>1,151</u>
	<u>1,948</u>	<u>1,876</u>

	2022 No.	2021 No.
The number of employees whose emoluments exceeded £60,000 during the year were as follows:		
£60,001 - £70,000	15	16
£70,001 - £80,000	11	9
£80,001 - £90,000	6	6
£90,001 - £100,000	4	4
£100,001 - £110,000	1	2
£110,001 - £120,000	3	3
£120,001 - £130,000	4	1
£130,001 - £140,000	1	1
£140,001 - £150,000	-	2
£160,001 - £170,000	3	1

In respect of employees whose emoluments exceeded £60,000 during the year, total pension contributions payable during the year amounted to £681,000 (2021: £474,000).

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

15. TANGIBLE ASSETS

<i>Group</i>	Land and buildings £'000	Assets under construction £'000	Fixtures and equipment £'000	Vehicles £'000	Total £'000
Cost:					
As at 1 September 2021	141,042	373	35,804	1,661	178,880
Additions	3,147	437	2,469	203	6,256
Disposals	(7,085)	-	(2,014)	(273)	(9,372)
Transferred	687	(40)	(583)	(6)	58
As at 31 August 2022	<u>137,791</u>	<u>770</u>	<u>35,676</u>	<u>1,585</u>	<u>175,822</u>
Depreciation:					
As at 1 September 2021	46,619	-	27,693	1,383	75,695
Charged for the year	3,007	-	2,236	126	5,369
Disposals	(1,515)	-	(1,825)	(224)	(3,564)
Transferred	640	-	(457)	(40)	143
As at 31 August 2022	<u>48,751</u>	<u>-</u>	<u>27,647</u>	<u>1,245</u>	<u>77,643</u>
Net book value:					
As at 31 August 2022	<u>89,040</u>	<u>770</u>	<u>8,029</u>	<u>340</u>	<u>98,179</u>
As at 31 August 2021	<u>94,423</u>	<u>373</u>	<u>8,111</u>	<u>278</u>	<u>103,185</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 £29,400,000 (2021: £28,300,000).

Some of the group's tangible fixed assets have been funded by finance leases and hire purchase contracts. During the year, depreciation of £31,000 (2021: £27,000) was charged in respect of those assets, and at the balance sheet date, the net book value of those assets amounted to £69,000 (2021: £100,000).

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

<i>Charity</i>	Land and buildings £'000	Assets under construction £'000	Fixtures and equipment £'000	Vehicles £'000	Total £'000
Cost:					
As at 1 September 2021	131,780	333	32,727	1,601	166,441
Additions	3,068	437	2,276	193	5,974
Disposals	(230)	-	(72)	(252)	(554)
Transferred	646	-	(559)	(7)	80
As at 31 August 2022	<u>135,264</u>	<u>770</u>	<u>34,372</u>	<u>1,535</u>	<u>171,941</u>
Depreciation:					
As at 1 September 2021	44,274	-	25,445	1,342	71,061
Charged for the year	2,885	-	2,073	120	5,078
Disposals	(80)	-	(72)	(220)	(372)
Transferred	642	-	(421)	(39)	182
As at 31 August 2022	<u>47,721</u>	<u>-</u>	<u>27,025</u>	<u>1,203</u>	<u>75,949</u>
Net book value:					
As at 31 August 2022	<u>87,543</u>	<u>770</u>	<u>7,347</u>	<u>332</u>	<u>95,992</u>
As at 31 August 2021	<u>87,506</u>	<u>333</u>	<u>7,282</u>	<u>259</u>	<u>95,380</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 £29,400,000 (2021: £28,300,000).

Some of the charity's tangible fixed assets have been funded by finance leases and hire purchase contracts. During the year, depreciation of £31,000 (2021: £27,000) was charged in respect of those assets, and at the balance sheet date, the net book value of those assets amounted to £69,000 (2021: £100,000).

16. FIXED ASSET INVESTMENTS

	2022 £'000	2021 £'000
Group - Listed investments at market value		
Balance brought forward	5,672	4,520
Additions at cost	-	-
Net gains / (losses) in the year	(591)	1,152
Balance carried forward	<u>5,081</u>	<u>5,672</u>
Historical cost	<u>2,449</u>	<u>2,449</u>
	2022 £'000	2021 £'000
Charity - Listed investments at market value		
Balance brought forward	5,186	4,137
Additions at cost	320	-
Net gains / (losses) in the year	(573)	1,049
Balance carried forward	<u>4,933</u>	<u>5,186</u>
Historical cost	<u>2,487</u>	<u>2,167</u>

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

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 £'000
Acquired schools						
Lorenden School	1,624	(491)	1,133	1,429	(1,315)	114
Moorlands School	1,361	(1,361)	-	1,700	(1,654)	46
St. Petroc's School	100	(105)	(5)	728	(198)	530
Foundations						
Woodhouse Grove Foundation Trust	260	(13)	247	15	(11)	4

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
Trading subsidiaries						
Culford School (Trading Trust) Limited	542	(542)	-	923	(647)	276
Farringtons School Enterprises Limited	116	(116)	-	113	(14)	99
Kent College (Canterbury) Enterprises Limited	347	(497)	(150)	503	(658)	(155)
Kent College (Pembury) Enterprises Limited	64	(64)	-	65	(15)	50
Queen's College Taunton Enterprises Limited	107	(107)	-	499	(472)	27
Shebbear College Enterprises Limited	36	(51)	(15)	17	(27)	(10)
Truro School Enterprises Limited	233	(233)	-	454	(417)	37
Woodhouse Grove Enterprises Limited	328	(325)	3	422	(207)	215
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 £'000
Trading subsidiaries						
Moorlands School Enterprises Limited	107	(107)	-	95	(6)	89

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 2022

17. DEBTORS

	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Loans to schools	-	-	1,440	4,259
Fee debtors	1,062	982	1,048	953
Amounts owed by group undertakings	-	-	1,650	1,190
Other debtors	880	758	271	179
Prepayments and accrued income	1,817	1,861	1,805	1,804
	<u>3,759</u>	<u>3,601</u>	<u>6,214</u>	<u>8,385</u>

All of the group debtors represent amounts falling due within one year, however, in respect of charity debtors, £nil (2021: £3,995,000) of loans to acquired schools are due after more than one year.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Bank overdraft	-	2,794	-	2,794
Other loans	30	-	30	-
Finance lease obligations	26	24	26	24
Deposits (note 20)	2,272	2,045	2,224	1,997
Prepaid fees (note 20)	14,095	12,390	13,870	11,104
Composition fees (note 20)	1,664	1,790	1,664	1,770
Trade creditors	3,432	2,120	3,224	2,003
Taxation and social security costs	1,189	853	1,174	763
Other creditors	1,703	1,245	1,538	994
Pension deficit repayment plan	68	245	68	245
Accruals	1,843	2,671	1,693	2,358
	<u>26,322</u>	<u>26,177</u>	<u>25,511</u>	<u>24,052</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 2022

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

2022	Due within 1 to 2 years £'000	Due within 2 to 5 years £'000	Due after 5 years £'000	2022 Total £'000
Group				
Other loans	29	54	-	83
Finance lease obligations	18	-	-	18
Deposits (note 20)	2,118	1,489	1,023	4,630
Composition fees (note 20)	1,536	1,347	383	3,266
Pension deficit repayment plan	71	17	-	88
	<u>3,772</u>	<u>2,907</u>	<u>1,406</u>	<u>8,085</u>

2021	Due within 1 to 2 years £'000	Due within 2 to 5 years £'000	Due after 5 years £'000	2021 Total £'000
Group				
Other loans	19	76	35	130
Finance lease obligations	24	26	-	50
Deposits (note 20)	1,752	1,938	1,041	4,731
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>

2022	Due within 1 to 2 years £'000	Due within 2 to 5 years £'000	Due after 5 years £'000	2022 Total £'000
Charity				
Other loans	29	54	-	83
Finance lease obligations	18	-	-	18
Deposits (note 20)	2,115	1,478	1,010	4,603
Composition fees (note 20)	1,536	1,347	383	3,266
Pension deficit repayment plan	71	17	-	88
	<u>3,769</u>	<u>2,896</u>	<u>1,393</u>	<u>8,058</u>

2021	Due within 1 to 2 years £'000	Due within 2 to 5 years £'000	Due after 5 years £'000	2021 Total £'000
Charity				
Other loans	19	76	35	130
Finance lease obligations	24	26	-	50
Deposits (note 20)	1,733	1,802	942	4,477
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>

The Group held 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 (the first of which has been exercised at the time of signing these accounts). It 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 as required. The undrawn element of this facility was the full £15,000,000 at 31 August 2022, 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 2022

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:

2022	Group £'000	Charity £'000
Balance brought forward at 1 September 2021	19,166	17,578
Amounts received during the year	21,717	21,457
Amounts recognised as income during the year	(17,155)	(15,607)
Amounts repaid to parents during the year	(2,731)	(2,731)
Balance carried forward at 31 August 2022	<u>20,997</u>	<u>20,697</u>

2021	Group £'000	Charity £'000
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>

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:

2022	Group £'000	Charity £'000
Balance brought forward at 1 September 2021	3,829	3,809
Amounts received during the year	2,966	2,965
Interest earned on balances during the year	66	66
Amounts recognised as income during the year	(1,812)	(1,791)
Amounts repaid to parents during the year	(119)	(119)
Balance carried forward at 31 August 2022	<u>4,930</u>	<u>4,930</u>

2021	Group £'000	Charity £'000
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>

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

21. THE FUNDS OF THE GROUP AND THE CHARITY

2022	Balance at 1 September 2021 £'000	Income £'000	Expenditure £'000	Other £'000	Balance at 31 August 2022 £'000
Group					
Endowment funds:					
Scholarships and bursaries funds	-	-	-	285 ^{TU}	285
Foundation fund	2,005	-	(2,005)	-	-
	<u>2,005</u>	<u>-</u>	<u>(2,005)</u>	<u>285</u>	<u>285</u>
Restricted income funds:					
Scholarships and bursaries funds	2,417	241	(188)	(996) ^{IU}	1,474
Appeals funds	932	155	(597)	(202) ^T	288
Other restricted funds	289	130	(88)	344 ^{TU}	675
	<u>3,638</u>	<u>526</u>	<u>(873)</u>	<u>(854)</u>	<u>2,437</u>
Unrestricted funds:					
Property funds	67,768	-	(1,100)	(2,000) ^I	64,668
Scholarships and bursaries funds	4,340	113	(118)	(456) ^U	3,879
Other unrestricted funds	109	-	(7)	208 ^{TU}	310
General fund	4,591	107,928	(105,235)	2,226 ^T	9,510
	<u>76,808</u>	<u>108,041</u>	<u>(106,460)</u>	<u>(22)</u>	<u>78,367</u>
Total funds of the group	<u>82,451</u>	<u>108,567</u>	<u>(109,338)</u>	<u>(591)</u>	<u>81,089</u>
	Balance at 1 September 2021 £'000	Income £'000	Expenditure £'000	Other £'000	Balance at 31 August 2022 £'000
Charity					
Endowment					
Scholarships and bursaries funds	-	319	-	(34) ^U	285
	<u>-</u>	<u>319</u>	<u>-</u>	<u>(34)</u>	<u>285</u>
Restricted income funds:					
Scholarships and bursaries funds	1,872	262	(188)	(540) ^{IU}	1,406
Appeals funds	934	155	(597)	(204) ^I	288
Other restricted funds	27	130	(73)	591 ^{IU}	675
	<u>2,833</u>	<u>547</u>	<u>(858)</u>	<u>(153)</u>	<u>2,369</u>
Unrestricted funds:					
Property funds	62,707	-	-	493 ^T	63,200
Scholarships and bursaries funds	4,340	113	(118)	(455) ^U	3,880
Other unrestricted funds	103	7	(8)	58 ^I	160
General fund	7,768	98,300	(95,778)	(465) ^I	9,825
	<u>74,918</u>	<u>98,420</u>	<u>(95,904)</u>	<u>(369)</u>	<u>77,065</u>
Total funds of the charity	<u>77,751</u>	<u>99,286</u>	<u>(96,762)</u>	<u>(556)</u>	<u>79,719</u>

Movements in funds arising from investment gains/(losses) 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.

^T Transfer between funds ^U Unrealised gain/(loss)

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2021	Balance at 1 September 2020 £'000	Income £'000	Expenditure £'000	Other £'000	Balance at 31 August 2021 £'000
Group					
Endowment funds:					
Foundation fund	2,034	-	(33)	4 ^T	2,005
Restricted income funds:					
Scholarships and bursaries funds	2,158	217	(148)	190 ^{T U}	2,417
Appeals funds	547	555	(116)	(54) ^T	932
Other restricted funds	264	41	(13)	(3) ^T	289
	<u>2,969</u>	<u>813</u>	<u>(277)</u>	<u>133</u>	<u>3,638</u>
Unrestricted funds:					
Property funds	69,336	-	-	(1,568) ^T	67,768
Scholarships and bursaries funds	3,465	74	(97)	898 ^U	4,340
Other unrestricted funds	71	30	-	8 ^T	109
Pension reserves	(37)	-	-	37 ^A	-
General fund	3,403	96,641	(97,093)	1,640 ^{T U}	4,591
	<u>76,238</u>	<u>96,745</u>	<u>(97,190)</u>	<u>1,015</u>	<u>76,808</u>
Total funds of the group	<u>81,241</u>	<u>97,558</u>	<u>(97,500)</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
Charity					
Restricted income funds:					
Scholarships and bursaries funds	1,724	209	(148)	87 ^{T U}	1,872
Appeals funds	548	554	(118)	(50) ^T	934
Other restricted funds	27	-	-	- ^T	27
	<u>2,299</u>	<u>763</u>	<u>(266)</u>	<u>37</u>	<u>2,833</u>
Unrestricted funds:					
Property funds	64,299	-	-	(1,592) ^T	62,707
Scholarships and bursaries funds	3,465	74	(97)	898 ^U	4,340
Other unrestricted funds	65	30	-	8 ^T	103
Pension reserves	(37)	-	-	37 ^A	-
General fund	6,966	86,998	(88,175)	1,979 ^T	7,768
	<u>74,758</u>	<u>87,102</u>	<u>(88,272)</u>	<u>1,330</u>	<u>74,918</u>
Total funds of the charity	<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 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.

^T Transfer between funds ^A Actuarial gain/(loss) ^U Unrealised gain/(loss)

The Foundation fund related to a part of the school property at Truro High School for Girls, which is a permanent endowment. Now that this school has left the group, the fund is nil at the end of the current year.

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

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 £47,000 (2021: £25,000) and expenditure of £34,000 (2021: £19,000) during the year, and their net assets at 31 August 2022 totalled £485,000 (2021: £422,000).

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 2022

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

2022	Tangible & intangible fixed assets £'000	Investments £'000	Net current assets/ (liabilities) £'000	Long term liabilities £'000	Total £'000
Group					
Endowment funds	-	285	-	-	285
Restricted funds	-	876	1,561	-	2,437
Unrestricted funds	98,246	3,920	(15,714)	(8,085)	78,367
	<u>98,246</u>	<u>5,081</u>	<u>(14,153)</u>	<u>(8,085)</u>	<u>81,089</u>
	Tangible & intangible fixed assets £'000	Investments £'000	Net current assets/ (liabilities) £'000	Long term liabilities £'000	Total £'000
Charity					
Endowment funds	-	285	-	-	285
Restricted funds	-	876	1,493	-	2,369
Unrestricted funds	96,054	3,772	(14,703)	(8,058)	77,065
	<u>96,054</u>	<u>4,933</u>	<u>(13,210)</u>	<u>(8,058)</u>	<u>79,719</u>
2021	Tangible & intangible fixed assets £'000	Investments £'000	Net current assets/ (liabilities) £'000	Long term liabilities £'000	Total £'000
Group					
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>82,451</u>
	Tangible & intangible fixed assets £'000	Investments £'000	Net current assets/ (liabilities) £'000	Long term liabilities £'000	Total £'000
Charity					
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>77,751</u>

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

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:

	2022 £'000	2021 £'000
Within one year	676	485
Between one and two years	455	382
Between two and five years	398	566
After five years	1	8
	<u>1,530</u>	<u>1,441</u>

Charity - Lessee

	2022 £'000	2021 £'000
Within one year	674	444
Between one and two years	455	347
Between two and five years	398	513
After five years	1	8
	<u>1,528</u>	<u>1,312</u>

24. CAPITAL COMMITMENTS

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

Group	2022 £'000	2021 £'000
Contracted for but not provided in these financial statements	<u>4,836</u>	<u>488</u>

Charity	2022 £'000	2021 £'000
Contracted for but not provided in these financial statements	<u>4,836</u>	<u>488</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

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 £6,611,000 (2021: £6,613,000) and at the year-end £634,000 (2021 - £670,000) 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.

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

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.

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 30 September 2021 would have been £2,053,000 (30 September 2020: £3,226,000). 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 2020. This valuation showed total scheme assets of £800,300,000, total scheme liabilities of £831,900,000, and therefore, a deficit of £31,600,000. 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 £156,000 over a period of four years (2021: £899,000 over five years). Provision has been made for deficit repayments as follows:

	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Provision at the start of the year	899	1,048	899	1,048
Unwinding of the discount factor	(32)	4	(32)	4
Deficit contribution paid	(184)	(245)	(184)	(245)
Impact of changes in assumptions	(6)	(1)	(6)	(1)
Amendments to contribution schedule	(521)	93	(521)	93
Provision at the end of the year	<u>156</u>	<u>899</u>	<u>156</u>	<u>899</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:

	2022 £'000	2021 £'000
Defined benefit schemes:		
The Teachers' Pension Scheme	6,611	6,534
The Pensions Trust Growth Plan	1,095	1,132
Methodist Ministers' Pension Scheme	16	-
Local Government Pension Schemes	-	87
Defined contribution schemes	<u>179</u>	<u>59</u>
	<u>7,901</u>	<u>7,812</u>

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

	2022 £'000	2021 £'000
Defined benefit schemes:		
The Teachers' Pension Scheme	634	670
The Pensions Trust Growth Plan	64	77
Defined contribution schemes	<u>23</u>	<u>5</u>
	<u>721</u>	<u>752</u>

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

26. Related party transactions

During the year, the following transactions took place between MIST and its subsidiary schools, however as described in the Trustees' Annual Report Truro High School was not a subsidiary of MIST at 31 August 2022:

	MIST services and assessment		Interest charged on loans		Loans balance at 31 August	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Lorenden School	10	13	9	9	257	321
Moorlands School	15	48	28	25	1,083	1,083
St. Petroc's School	-	-	-	22	100	955
Truro High School for Girls	45	62	35	48	-	1,900
	<u>70</u>	<u>123</u>	<u>72</u>	<u>104</u>	<u>1,440</u>	<u>4,259</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 were technically due at various dates until 2031, however as part of the reorganisation of acquired schools (as described in the Trustees' Annual Report) these loan balances were all cleared during the 2022/23 financial year.

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	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Culford School Trading Trust Limited	275	124	111	-	386	160
Farringtons School Enterprises Limited	100	35	6	3	103	35
Kent College Canterbury Enterprises Limited	-	-	-	22	473	546
Kent College Pembury Enterprises Limited	50	34	-	10	54	32
Queen's College Taunton Enterprises Limited	14	-	69	42	81	31
Shebbear College Enterprises Limited	-	-	11	-	42	42
Truro School Enterprises Limited	37	1	-	-	197	174
Woodhouse Grove Enterprises Limited	215	122	-	48	285	169
	<u>691</u>	<u>316</u>	<u>197</u>	<u>125</u>	<u>1,621</u>	<u>1,189</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 £3,280 (2021: £6,488) which was paid to Elaine Cleland Resources.
- Trustee Fiona Mynors provided professional services to the Trust during the year at a cost of £5,207 (2021: £nil).
- The wife of trustee Mark Edwards provided services to the Trust at Queens College Taunton during the year at a cost of £2,630 (2021: £2,058).

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 FOR THE YEAR ENDED 31 AUGUST 2022

27. Analysis of changes in net debt - Group

	Balance at 1 September 2021 £'000	Cash flows £'000	Other non- cash changes £'000	Balance at 31 August 2022 £'000
Cash at bank and in hand	3,603	4,599	-	8,202
Bank overdraft	(2,794)	2,794	-	-
Composition fees	(3,829)	(2,847)	1,746	(4,930)
Revolving Credit Facility	-	-	-	-
Other loans	(130)	17	-	(113)
Obligations under finance leases	(74)	30	-	(44)
	<u>(3,224)</u>	<u>4,593</u>	<u>1,746</u>	<u>3,115</u>

28. Post balance sheet events

During 2021/22 MIST Trustees and the respective trustees of the two remaining Acquired Schools, Lorenden School and Moorlands School, agreed that the interests of all parties were best served by each school merging with MIST to become a Trust school. However, the transactions formalising these arrangements did not complete until 30 September 2022, and so the accounting for the merger will take place in the MIST accounts for the year ending 31 August 2023.