

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 2023

METHODIST INDEPENDENT SCHOOLS TRUST
YEAR ENDED 31 AUGUST 2023

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YEAR ENDED 31 AUGUST 2023

REPORT OF THE TRUSTEES

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	<i>(until 31 August 2023)</i>	C	
Mrs B Easton	<i>(until 31 August 2023)</i>	M	
Mr T Emmett	<i>(from 1 January 2023)</i>	T	F
Mr A Harris		C	
Mr S Holliday		T	F R
Mrs H Mbeah-Bankas		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
Mrs G Wilson	<i>(from 1 September 2023)</i>	C	
In attendance – not formally appointed Trustee			
Mr Richard Armiger	<i>Connexional Representative from January 2024</i>	M	
Revd Dr A Wood	<i>Connexional Representative until June 2023</i>	M	

Appointment:

C Nominated by the Chairs of School Governing bodies

M Nominated by the Methodist Council

T Nominated by the Trust

Committees:

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

Company Secretary: Mrs Felicia Fasokun

Executive Officers

General Secretary Mr D Humphreys (until 28 February 2023)

Chief Executive Officer Ms J Fenn (from 20 February 2023)

Business Director Mrs S Roxby

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

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There are ten schools in MIST, each of which has its own distinctive character, history, and place in its local community. Whilst we give examples of the wonderful things happening in our schools throughout this report, more information about each one is available in detail on their website.

Trust Schools (part of MIST)	Address	Head	Website
Culford School <i>1 - 18 years</i>	Bury St Edmunds, Suffolk IP2 6TX	Mr J Johnson- Munday (to July 2023) Mrs C Bentley (from November 2023)	www.culford.co.uk
Farringtons School <i>3 - 18 years</i>	Perry Street, Chislehurst, Kent BR7 6LR	Mr D Jackson	www.farringtons.org.uk
Kent College <i>3mths - 18 years</i>	Whitstable Road, Canterbury, Kent CT2 9DT	Mr M Turnbull	www.kentcollege.com
Kent College <i>Girls only at Senior and Sixth Form</i> <i>3 – 18 years</i>	Old Church Road, Pembury Tunbridge Wells, Kent TN2 4AX	Ms K Handford	www.kent-college.co.uk
Lorenden School* <i>3 – 11 years</i>	Painter's Forstal, Faversham, Kent ME13 OEM	Mr R McIntosh	www.lorenden.org
Moorlands School* <i>2 – 11 years</i>	Foxhill Drive, Leeds LS16 5PF	Miss J Atkinson	www.moorlands-school.co.uk
Queen's College <i>1 – 18 years</i>	Trull Road, Taunton, Somerset TA1 4QS	Mr J Noad	www.queenscollege.org.uk
Shebbear College <i>4 – 18 years</i>	Beaworthy, Devon EX21 5HJ	Mr C Jenkins	www.shebbearcollege.co.uk
Truro School <i>3 – 18 years</i>	Trennick Lane, Truro, Cornwall TR1 1TH	Mr A Johnson	www.truroschoool.com
Woodhouse Grove School <i>2 – 18 years</i>	Apperley Bridge, West Yorkshire BD10 0NR	Mr J Lockwood	www.woodhousegrove.co.uk

* On 30 September 2022 both Lorenden School and Moorlands School charities (formerly Acquired Schools, in the Group but not the Charity) were merged fully into MIST and are now reported as Trust schools. The assets were transferred into MIST. Moorlands School Ltd (Company No. 810136) has now been dissolved, and the same process will be carried out for Lorenden School Limited (Company No. 309684).

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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
Moorlands School Enterprises Limited	3726256
Shebbear College Enterprises Limited	2728991
Queen's College Taunton Enterprises Limited	2754531
Truro School Enterprises Limited	2728988
Woodhouse Grove Enterprises Limited	2448747

Associated Schools are Methodist Schools that have the support of MIST but are structurally completely separate from it and are administered in accordance with their own governing schemes. Their accounts are not consolidated into MIST. The information below is provided for reference only, because the Methodist Schools Property Company is Holding Trustee for their properties.

Associated School	Address	Charity No.	Head
Ashville College	Green Lane, Harrogate HG2 9JP	529577	Mrs R Wilkinson
Kingswood School	Lansdown Road, Bath BA1 5RG	309148	Mr A Gordon-Brown
Rydal Penrhos School	Colwyn Bay, North Wales LL29 7BT	1063489	Mr J Waszek (until 31 August 2023) Mr T Hutchinson (from 1 Sept 2023)

Other Trusts consolidated into MIST

The following charitable trusts are 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

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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
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
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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 2023. 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 ten Trust Schools listed on page 4. MIST is also the sole shareholder of nine trading subsidiaries, with a separate trading subsidiary being used for the non-primary purpose trading conducted by nine of the ten Trust Schools.

The property (both leasehold and freehold) of the eight original Trust Schools is held within the Methodist Independent Education Trust (MIET), a charitable trust established in 1903 by Trust Deed. 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 5 for information.

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 five Nominated Trustees and no more than one Connexional Representative (who is not formally appointed Trustee). We seek to be diverse and inclusive in our Trustee body, and maintain a skills matrix to support the identification of those with relevant skills and experience.

The induction and training of Board members is the responsibility of its Chair and the Chief Executive, who arrange to induct all new members and provide information updates and training as necessary. All Trustees visit at least one MIST school every year. Formal induction and training events for trustees, schools Chairs of Governors and senior executive staff are held regularly. The Governance Manual is regularly reviewed by Trustees, available online and circulated to the schools.

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

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Independent Schools' Instrument of Government and the MIST Governance Manual, as regularly reviewed and updated.

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 & Human Resources, and Awards. The Chairs of Governors of the schools meet at least termly; their views are communicated to the Trust by their three nominated trustees and 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 Chief Executive Officer (CEO) and the Business Director, supported by a team of four across key business functions. The day to day running of the schools is delegated to the respective Heads and Bursars (or equivalent) and their Senior Leadership teams. The 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, the CEO and Business Director, school governors and the school Heads, Bursars (or equivalent) and Senior Leadership teams.

The remuneration of key management personnel (other than trustees and school governors, who are unpaid volunteers) is set by the MIST Remuneration and Human Resources (HR) Committee for the MIST Executive, by school governors within a framework and salary scale provided by the MIST Remuneration and HR 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 contextual issues of pay and employment conditions.

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 seek to extend the Methodist ethos and character and contribute to diversity in education.

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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 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 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 Head Office employees are kept informed of developments within the organisation through team briefings and one-to-one discussions. We provide regular newsletters to schools and hold individual and group meetings with Chairs of School Governors, Chairs of School Finance Committees, Heads and Bursars.

Our 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

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communicated to 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, underpinned by annually updated financial forecasts that look forward five years, taking into account local priorities, the wider context 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 Trustees and 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.

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. During the year bursaries were provided to the value of £4,980,000 (see note 4 to the accounts). These include a number of full bursaries where the place is fully funded by the school;
- Working in close partnership with the Methodist Academies and Schools Trust (MAST), a separate Trust with responsibilities for Methodist publicly funded schools, including provision of back-office support and funding the post of Pastoral Visitor to both MIST and MAST schools;
- Continuing to work closely with the Epworth Education Trust (EET) in support of Methodist schools wishing to academise. MIST also facilitates back-office support and 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. All MIST schools have either formal or informal partnership arrangements with local state schools for the mutual benefit of all. Activities include arranging joint events for students and staff and hosting events requiring specialist facilities. Many organisations (including local schools) use MIST

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school 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 MIST 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; 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.

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. Several MIST schools work actively with the Royal Springboard Foundation and HMC to widen access to means tested support. Bursaries are awarded on a sliding scale in proportion to need; some awards are for a full remission of fees.

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

UK energy use and associated greenhouse gas emissions

Current UK based annual energy usage and associated annual greenhouse gas ("GHG") emissions are reported pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") that came into force 1 April 2019.

Organisational boundary

In accordance with the 2018 Regulations, the energy use and associated GHG emissions are for those assets owned or controlled within the UK only as defined by the operational control boundary. This includes all sites apart from Truro High School which left the group part way through 2021-2022. Therefore, Truro High School emissions have been excluded entirely from previous year's figures to provide a like for like comparison with the current year. Scope 3 business travel in employee-owned or rental vehicles (grey fleet) is also a mandatory inclusion.

Reporting period

The annual reporting period is 1st September to 31st of August each year and the energy and carbon emissions are aligned to this period.

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Quantification and reporting methodology

The 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) were followed. The 2023 UK Government GHG Conversion Factors for Company Reporting were used in emission calculations as these relate to the majority of the reporting period. The report has been reviewed independently by Briar (Briar Consulting Engineers Limited).

The electricity, gas, oil and biomass consumption were compiled from invoice records. Where invoices did not cover the full reporting year, the pro-rata estimation technique was applied. Fuel records were used to calculate energy and emissions from company owned vehicles. Mileage claims were used to calculate energy and emissions from grey fleet. Gross calorific values were used except for mileage energy calculations as per Government GHG Conversion Factors.

The emissions are divided into mandatory and voluntary emissions according to the 2018 Regulations, then further divided into the direct combustion of fuels and the operation of facilities (scope 1), indirect emissions from purchased electricity (scope 2) and further indirect emissions that occur as a consequence of Trust activities but occur from sources not owned or controlled by the organisation (scope 3).

Breakdown of energy consumption used to calculate emissions (kWh):

Energy type	2021/22	2022/23
Mandatory requirements:		
Gas	19,680,285	17,406,122
Purchased electricity	8,360,674	8,434,610
Transport fuel	967,843*	1,191,683
Total energy (mandatory)	29,008,802	27,032,416
Voluntary requirements:		
Oil	1,424,393*	1,761,791
Biomass (scope 1)	1,108,460 [†]	1,015,399
Biomass heat (scope 2)	2,815,122	2,681,444
Total energy (voluntary)	5,347,975	5,458,633
Total energy (mandatory & voluntary)	34,356,777	32,491,049

Note: Figures may not sum due to rounding

[†]Biomass kWh calculations for 2021/22 have been changed to follow an updated methodology. This has resulted in a change from 776,664 kWh to 1,108,460 kWh (an increase of 331,796 kWh).

*The 2021/22 transport and oil energy figures have changed due to revised data received for Kent College Pembury. This has resulted in fuel usage being reclassified from transport (diesel) to oil (kerosene).

Intensity Ratio

The intensity ratio is total gross emissions in metric tonnes CO₂e per 1,000 square meters. This metric is reported to reflect the energy efficiency of the buildings, which are the source of most emissions reported.

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Breakdown of emissions associated with the reported energy use (tCO₂e)

Emission source	2021/22	2022/23
Mandatory requirements:		
<u>Scope 1</u>		
Gas	3,569.9	3,207.3
Trust owned vehicles	218.1*	263.1
<u>Scope 2</u>		
Purchased electricity (location-based)	1,616.8	1,746.6
<u>Scope 3</u>		
Category 6: Business travel (grey fleet)	16.3	20.3
Total gross emissions (mandatory)	5,421.1	5,237.3
Voluntary requirements:		
<u>Scope 1</u>		
Oil	356.8*	430.3
Biomass	11.7 [†]	10.1
<u>Scope 2</u>		
Biomass heat	29.6	28.8
Total gross emissions (voluntary)	398.1	469.2
Total gross emissions (mandatory & voluntary)	5,819.2	5,706.6
<u>Intensity ratios (mandatory emissions only)</u>		
Tonnes of CO ₂ e per 1,000 square meters	31.45	30.38
<u>Intensity ratios (mandatory & voluntary emissions)</u>		
Tonnes of CO ₂ e per 1,000 square meters	33.76	33.11
<u>Outside of Scopes (biofuel tCO₂)</u>		
Biomass	362.3	331.9
Purchased biomass heat	995.3	938.5

Note: Figures may not sum due to rounding

[†]Biomass emission calculations for 2021/22 have been changed following an updated kWh calculation methodology. This has resulted in a change from 8.2 to 11.7 tCO₂e (an increase of 3.5 tCO₂e).

*The 2021/22 transport and oil energy figures have changed due to revised data received for Kent College Pembury. This has resulted in fuel usage being reclassified from transport (diesel) to oil (kerosene).

Outside of scopes emissions are used to account for burning biomass and other biofuels. The emissions are labelled '*outside of scopes*' because the scope 1 impact of the CO₂ released through these fuels has been determined to be 'net zero' (since the fuel source itself absorbs an equivalent amount of CO₂ during the growth phase as the CO₂ released through combustion). Therefore, to fully account for the emissions, the CO₂ component of the combustion process is quantified but placed '*outside of scopes*', (as opposed to in scope 1 which is usual for directly combusted fuels). The CH₄ and N₂O components of the combustion of the fuel have been reported in scope 1.

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Energy efficiency action during current financial year

The Trust is pleased to note that the data show a small reduction in total emissions and in the intensity ratio for 2022-23 when compared with the data for 2021-22. Progress has been made with decarbonisation of the Methodist Independent Schools Trust (MIST) school estates as follows:

- Detailed Estate Decarbonisation Plans were commissioned for each of the school sites in 2022, of which the first 6 were completed during the year. These are directly informing mechanical and electrical replacement strategies, as well as ongoing site master-planning. For example, Farringtons School has installed an air handling unit in their sports hall powered by heat pumps and has removed four gas boilers. Kent College Pembury opted for an air source heat pump to supply hot water to the new swimming pool changing rooms, and there have also been boiler upgrades in their main teaching block and Prep School. A programme of window replacements continues at Kent College Pembury, whilst Lorenden School invested in draft excluders around windows in the main school buildings. At Shebbear College, new electrical heating was installed as part of a major boarding house refurbishment.
- During the financial year, 100% of electricity supplied to all the MIST schools was from 100% REGO Backed Renewable Zero Carbon Generation. Specific actions to reduce electricity consumption continue to be made. For example, Queens College Taunton configured all computers to enter shutdown mode after 6pm on weekdays if left idle for 30 minutes, which has reduced energy consumption during off-hours. Much of the estate (five schools completely, others in transition) have been upgraded to low energy LED lighting through a series of local projects, and work continues in this regard including at Truro School, Shebbear College, Moorlands and Lorenden Schools this year. Zero carbon generation increased during 2022/23, with new solar photovoltaic generation now fully in operation at Woodhouse Grove and with additional panels having been installed at Truro School.
- Gas consumption has reduced significantly – driven in part by a deliberate programme of efficiency work at Woodhouse Grove school which has included flushing systems, improving thermostatic control, and optimising programming.
- Scope 3 Emissions (use of personal vehicles for business travel) increased – primarily as a result of better reporting on this. At present a composite emissions calculation figure is used. However, we are working in making our reporting more detailed in order to specify the vehicle/fuel type in use. A number of schools have recently implemented EV leasing schemes for eligible staff and have EV charging facilities on site.
- Improvements targeting more efficient energy use for the heating of swimming pools are a priority to aid further energy reductions for Scopes 1 and 2 emissions. New pool covers were installed during the year at both Truro Prep School and at Moorlands School, where new swimming pool plant controls are also expected to drive efficiencies in future years.

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 2021/22 (a baseline agreed to be more representative of typical school operations than the two previous years which were significantly affected by Covid-19 protocols). 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.

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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;
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.

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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;
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.

Work to prepare our next strategic plan is already under way, and we expect to launch it in September 2024.

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>In order to ensure that decisions are well-informed, the Trust Board includes three school Chair Trustees, and has three Heads in attendance on rotation. Other Committees also have school members, and we regularly establish working parties with wide representation from across the organisation.</p> <p>Schools prepare Annual Reports for Trustees highlighting achievements and challenges which are reviewed and discussed at Board meetings.</p> <p>Ongoing implementation of our five-year strategy (2020-25) is reviewed regularly by Trustees. The actions to achieve the strategy are undertaken in close partnership with our schools. Preparation of our new strategy is founded on consultation with stakeholders across MIST and will be led by a working party of representatives from all levels of governance and management.</p> <p>Our financial reporting and forecasting approach captures the five most recent years and looks five years into the future, including capital investment expectations. Forecasts are updated and reviewed annually at school and consolidated level, noting performance against KPIs, and confirming key actions both for MIST and for schools.</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>

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Section 172 Responsibilities	Specific examples
<p>Our workforce: The interests of MIST's employees and volunteers</p>	<p>Trustees, the CEO and Business Director visit schools regularly. MIST hosts regular events and conferences at which employees, local volunteer governors and Trustees meet to discuss a range of strategic issues, engage with training, and build positive relationships.</p> <p>MIST is 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>Staff well-being is a regular item at Trustee meetings, with first-hand input from schools via Heads at every session.</p> <p>Advice and guidance are provided to school Governors and senior executives to support them in acting as good employers on MIST's behalf. Model documents are provided to support employment processes, and good practice is shared by on regular calls across peer networks.</p> <p>Our Pastoral Visitor provides central support and co-ordination for the work of MIST (and MAST) school Chaplains, who play an important role in the spiritual and pastoral life of our communities.</p>
<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 and each school reviews and re-tenders locally for the provision of local services in order to ensure ongoing quality and value for money for the charity based on a shared understanding of our current requirements.</p>

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Section 172 Responsibilities	Specific examples
<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 through 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 continue to seek ways in which we can increase the proportion and value of means-tested in order to prioritise those families for whom independent education would not otherwise be possible.</p> <p>We 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 12. 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 almost complete to assess the most effective way and likely cost of minimising the reliance of each of our school estates on fossil fuels for heating and this will be included in our strategy and business planning going forward.</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 regular 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 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>

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Section 172 Responsibilities	Specific examples
Fairness: The need to act fairly between members of MIST and its beneficiaries	<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, safeguarding 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 concerns 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. MIST maintains registration with the Fundraising Regulator, and all schools are aware of and take account of the Fundraising Standards, the Charity Commission guidance on fundraising and other relevant regulation. None of the schools used third party organisations to assist with fundraising during the year. 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

We are proud of our achievements during 2022-23 against the key objectives set out in our Group Strategic Plan 2020-25:

Christian in Character:

During the year MIST conducted two school self/peer-evaluations using its own SERVE (Spirituality, Ethos, Relationship and Values Evaluation) framework based on the Statutory Inspection of Anglican and Methodist Schools (SIAMS) process used in the maintained sector. This captures, supports and

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share the means by which our schools demonstrate their distinctive Methodist character and ethos. Both schools were positive about the process and their learning from it. SERVE visitors reported of one of the schools:

'Love permeates the actions of those leading the school, which is then reflected in the interactions between staff and pupils. This strong servant leadership creates a community, where pupils and staff successfully care for one another. This culture of care is embedded and secure. In discussions, the school's values were strongly and succinctly summarised by staff as: "Kindness, Community and Respect". Pupils live these values through their interactions with staff and peers giving a very real impression of Methodism in action.'

MIST agreed to fund an additional day each week so that the work of our Pastoral Visitor in supporting Chaplains and their work in schools might be extended to our sister schools in MAST.

Our schools work hard to promote the wellbeing of both staff and students, and a range of creative initiatives has been on show this year as schools explore new ways to do this.

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.

Our schools are also members of local networks and partnerships, including with local state schools, community groups and charitable organisations. Truro School is home to the choristers of the Truro Cathedral Choir, who this year were represented at the Coronation of King Charles III.

During the year MIST co-hosted a major international conference with the International Association of Methodist Colleges and Schools for Methodist educators from state and private schools and universities 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:

Public Examination results in Summer 2023 marked a return to the pre-Covid assessment systems and yielded outcomes in line with those of 2019 which was very pleasing. Most Year 13 leavers were able to take up offers from their universities of choice and schools reported strong value-added scores at Key Stages 3 and 4, and strong results in assessment at Key Stages 1 and 2 (Prep). Schools inspected by ISI during the year all demonstrated full compliance and high standards of educational provision.

Commercially Strong and Affordable:

This year saw very high rates of inflation, particularly in energy costs and catering costs, which had a significant impact on school budgets, with an impact on the surplus of income over expenditure.

The group provided education to 5,949 school age pupils (2022: 6,206 or 5,821 not including those at Truro High School, which left the group during that year), of whom 14% (2022: 15%) were boarders. We were pleased to increase pupil numbers by c.2% on the prior year. Almost all of our schools also make provision for nursery-aged children (between 3 months and 4 years old, depending on the setting).

Scholarships and bursaries are awarded by the Schools and the Trust. Bursaries are means tested and provide for a wide range of pupils to attend who would not otherwise be able to afford to do so. There

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are also specific discounts available to families meeting the criteria (e.g. for staff children, for siblings, for armed forces families etc). The total remissions awarded amounted to £13,966,000, 12% of gross fee income (2022: £14,253,000, 13%). Bursaries specifically amounted to £4,980,000, 4.4% of Gross Fee Income (2022: £5,312,000, 4.8%). We are working to increase the proportion of remissions offered as means-tested bursaries to 10% in order to keep a MIST education within the reach of as many families as possible.

Income from trading activity in support of the work of the schools was initially slow to recover from the impact of the pandemic, but was stronger again this year, reaching £4,085,000 (2022: £3,162,000).

£14.1m of capital expenditure took place during the year (2022: £6.3m). The schools were ready to recommence investment in their infrastructure following the uncertainty of the pandemic, focused on maintaining the quality of facilities and the built environment. The largest projects were at Kent College, Pembury, where work took place on a new indoor swimming pool to replace an old and structurally unsound facility which closed during the pandemic, and at Culford School, where work began to replace the roof of the listed Culford Hall at the heart of the site. In addition, Woodhouse Grove undertook works to improve the changing facilities on offer to partner organisations using the site, and to plan for a new Sixth Form Centre reflecting the increased numbers in that part of the school.

Eight of the schools offer boarding, and a review of that provision was commissioned in 2023 to look at the overall picture of boarding in the UK and the individual offer of our schools in that context, to inform strategic planning. Shebbear College was a finalist in the Boarding Schools Association 2022/23 Boarding awards.

During the year MIST was formally accredited as a Living Wage employer with the Living Wage Foundation.

Key performance indicators

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

Key Performance Indicator	Progress
To maintain the high level of all-round Methodist and Christian education within the Schools of the Trust.	MIST is 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 of 5% 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 significant increases in costs during the year (energy, catering and staff) relative to income. However, four individual schools achieved the target, with one further school within 1%.
Free reserves to be approximately 5% of Total Income at each school.	Every school is encouraged to build up free reserves over time in order to mitigate unforeseen challenges and underpin future capital investment in the site. Five of the schools met this target for the year.

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Key Performance Indicator	Progress
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 five schools had ongoing internal loan balances for capital works. Total internal loan balances were 17% of GFI.

Financial Review

The results of the group have been consolidated in the attached accounts. The total funds held are £81,141,000 (2022: £81,089,000), and tangible fixed assets have increased to £106,754,000 (2022: £98,179,000).

Just under 90% of the group's incoming resources was school fee income in 2022-23, which amounted to £99.3 million in the year (2022: £97.3 million). Income from trading subsidiaries amounted to £4,085,000 (2022: £3,162,000) contributing £1,177,000 (2022: £677,000) after operating costs. Fundraising was carried out by some Schools at a total cost of £218,000 (2022: £160,000); voluntary income generated during the year amounted to £648,000 (2022: £633,000).

Given the context of unexpectedly high inflation and energy costs, we were pleased to achieve a small surplus.

The mergers of Lorenden School and Moorlands School with MIST completed on 30 September 2022, concluding the process of equalising the relationship of MIST with each of its schools. MIST is confident that its structure as a single charity continues to offer financial security for the future of the Trust schools, supporting access to lending on favourable terms, and offering a structure within which individual schools retain significant autonomy whilst operating within a framework of clear expectations and targeted support.

MIST's saw an overall outflow in cash through the year, with cash and cash equivalents ending the year £6.5m lower than the opening balance of £8.2m, driven primarily by the uptick in capital expenditure compared with recent years.

MIST operates a Revolving Credit Facility with HSBC which is committed until May 2025. MIST has met the covenants associated with that facility throughout the reporting period and is forecast to do so going forward. £2,000,000 was drawn against this facility 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 Note 21 sets out the Group and Charity Funds and describes the movement on those funds during the year, whilst note 22 sets out where those Funds are held. Note 16 shows the Total Funds by subsidiary.

Endowed and Restricted Funds are either for the provision of scholarships and bursaries or relate to donations associated with specific projects.

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Unrestricted funds amount to £78,182 (2022: £78,368), all of which are held in the Group's property assets, and MIST has made regular, strategic investment both in existing and new buildings in order to protect and enhance the value in these assets. MIST's policy is to encourage and support each school to build local reserves through the generation of regular operating surpluses. MIST operates cash pooling across the Group and utilises cash received in advance as working capital in order to minimise borrowing costs. MIST has leveraged part of the property assets as security for a revolving credit facility (RCF) which ensures appropriate access to further cash to meet MIST's obligations as needed throughout the year, to which an overdraft provides additional headroom as and when required. This limits MIST's exposure whilst protecting flexible access to appropriate levels of funding. Trustees consider that an RCF most closely meets the Group's funding requirements, ensuring that when cash balances are strong, borrowing costs are minimal, preserving charitable funds for investment in the schools. 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 meet ongoing obligations and support the group's future plans.

Plans for future periods

MIST continues to implement its Strategic Development Plan for the period 2020-2025 across the four core objectives. 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, whilst also planning carefully to mitigate the challenges posed by tightening economic conditions.

During the up-coming year MIST is also undertaking work to develop a new strategic plan that responds to the risks and challenges facing the sector as a whole, and MIST in particular. This will be founded in work with schools on local strategic plans, including careful prioritisation and sequencing of capital programmes and planning for site decarbonisation planning.

Principal risks and uncertainties

All the Trust Schools have their own risk assessment procedures, including an (at least) annual review of the key 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' ability to pay fees, together with other upward pressures on costs;
- The potential impact of unfavourable decisions being taken in the next 24 months with respect to the framework of financial and tax obligations both for schools and for independent school parents;
- The impact of any weakening in pupil recruitment and retention, or demand for boarding places, including the challenge of 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;

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- 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.

Actions are identified in respect of each of these risks and monitored both at school and at MIST to ensure that we are as well-placed as we can be in the face of these challenges.

MIST remains committed to offering high quality education rooted in Methodist values, and to working with its schools to manage costs, 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 necessary to return within expected parameters, including the arrangement of and draw down against MIST's borrowing facilities with HSBC in response to cash flow requirements.

MIST does not use any hedging instruments, and thus hedge accounting is not employed in these financial statements.

Credit risk primarily takes the form of our parents' ongoing ability to pay the school fees. This is managed by schools locally through 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. Trustees are satisfied that year-end fee debtor levels as a percentage of Gross Fee income are appropriate (being 1%).

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.

Trustees are very aware that MIST faces considerable uncertainty over the next 12 months. Costs remain high and there are sector-wide concerns about the affordability of independent school fees for middle-income families. The boarding market remains challenging following the pandemic. However, our schools continue to offer choice and quality for parents in their local and international markets, and each continues to play a key and valued role in their local community. Some schools within the portfolio are stronger financially than others. However, all schools are able to take confidence from the Group structure, and work continues across all schools to address risk and to

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secure their position, with support from the Head Office team. We continue to leverage our asset base to invest appropriately in the capital fabric of our estates.

Based on the consolidated budgets prepared by the schools (which are cautious in outlook) and the cash flow forecasts for the year, there remains headroom within the funding available to MIST throughout the year. The Trustees are of the view that MIST's financial commitments can be appropriately accommodated, and that MIST will continue to meet bank 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 challenges ahead, drawing strength from our Group structure.

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

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governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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



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

18 April 2024

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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 (MIST) and its subsidiaries (the "group") for the year ended 31 August 2023 which comprise the Consolidated Statement of Financial Activities, Consolidated and Charity Statement of Financial Position, 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 August 2023 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 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 trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material

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

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 our audit

- the information given in the trustees' report, 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 strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- the parent company has not kept adequate accounting records; or
- the parent 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 trustees' responsibilities statement set out on page 25 onwards, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the Financial Statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the group and the parent charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Financial Statements. The laws and regulations we considered in this context were the Charities Act 2011, Companies Act 2006, taxation legislation, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the Financial Statements but compliance with which might be fundamental to the group's and the parent charity's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the group and the parent charity for fraud. The laws and regulations we considered in this context for the UK operations were The Education (Independent School Standards) Regulations 2014, General Data Protection Regulation (GDPR), Health and safety legislation and Employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Provost and Fellows and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the Financial Statements from irregularities, including fraud, to be within the timing of recognition - legacy income, revenue recognition – school fee discounts, awards and allowances, related parties, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on legacy income, school fee discounts, awards and allowances, reviewing related party declarations and the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, Independent Schools Inspectorate, Ofsted and any other regulators where applicable, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Financial Statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the Financial Statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

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

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.



Tina Allison

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

Date: 24 April 2024

METHODIST INDEPENDENT SCHOOLS TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(including an income and expenditure account)

FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2023 £'000	Total 2022 £'000
INCOME AND ENDOWMENTS FROM:						
Donations and legacies	3	89	559	-	648	633
Charitable activity (provision of education):						
School fees	4	99,339	-	-	99,339	97,278
Other educational income	5	5,138	-	-	5,138	4,466
Other trading activities	6	4,449	-	-	4,449	3,652
Investments	8	101	19	-	120	154
Other	9	1,305	-	-	1,305	2,384
Total income		110,421	578	-	110,999	108,567
EXPENDITURE ON:						
Raising funds	10	(3,112)	(14)	-	(3,126)	(2,645)
Charitable activities	11	(107,610)	(296)	-	(107,906)	(106,693)
Total expenditure	11	(110,722)	(310)	-	(111,032)	(109,338)
Net (expenditure)/income before investment gains		(301)	268	-	(33)	(771)
Net gains/(losses) on investments	16	87	(9)	6	84	(591)
NET INCOME/(EXPENDITURE)		(214)	259	6	51	(1,362)
Transfers between funds	21	28	(28)	-	-	-
NET MOVEMENT IN FUNDS		(186)	231	6	51	(1,362)
RECONCILIATION OF FUNDS:						
Total funds brought forward		78,368	2,437	285	81,090	82,451
TOTAL FUNDS CARRIED FORWARD		78,182	2,668	291	81,141	81,089

The notes on pages 34 to 59 form part of these accounts.

CONSOLIDATED AND CHARITY STATEMENTS OF FINANCIAL POSITION
AS AT 31 AUGUST 2023

	Notes	Group 2023 £'000	Group 2022 £'000	Charity 2023 £'000	Charity 2022 £'000
FIXED ASSETS:					
Tangible assets	15	106,754	98,179	106,702	98,154
Intangible assets		41	67	41	62
Investments	16	5,165	5,081	5,014	4,933
		<u>111,960</u>	<u>103,327</u>	<u>111,757</u>	<u>103,149</u>
CURRENT ASSETS:					
Stocks		212	208	143	135
Debtors: Due within one year	17	3,766	3,759	5,108	4,997
Debtors: Due after more than one year	17	-	-	-	-
Cash at bank and in hand		1,906	8,202	-	6,649
		<u>5,884</u>	<u>12,169</u>	<u>5,251</u>	<u>11,781</u>
LIABILITIES:					
Creditors: Amounts falling due within one year	18	(33,990)	(30,952)	(33,508)	(30,624)
NET CURRENT LIABILITIES		<u>(28,106)</u>	<u>(18,783)</u>	<u>(28,257)</u>	<u>(18,843)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>83,854</u>	<u>84,544</u>	<u>83,500</u>	<u>84,306</u>
Creditors: Amounts falling due after more than one year	19	(2,713)	(3,455)	(2,713)	(3,455)
		<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
TOTAL NET ASSETS		<u><u>81,141</u></u>	<u><u>81,089</u></u>	<u><u>80,787</u></u>	<u><u>80,851</u></u>
THE FUNDS OF THE GROUP/CHARITY:					
Endowment funds		291	285	291	285
Restricted income funds		2,668	2,437	2,600	2,369
Unrestricted funds					
Unrestricted funds		78,182	78,368	77,896	78,197
Total unrestricted funds		<u>78,182</u>	<u>78,368</u>	<u>77,896</u>	<u>78,197</u>
TOTAL GROUP/CHARITY FUNDS	21	<u><u>81,141</u></u>	<u><u>81,089</u></u>	<u><u>80,787</u></u>	<u><u>80,851</u></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 £1,068,000 (2022: £1,968,000).

The financial statements were approved by the board of trustees and authorised for issue on 27 March 2024 and are signed on its behalf by:



Dr J N Tunnicliffe
Chair of Finance Committee

METHODIST INDEPENDENT SCHOOLS TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2023

	2023 £'000	2022 £'000
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income/(expenditure) from the reporting period (as per statement of financial activities)	51	(1,362)
Adjustments for:		
Depreciation and amortisation charges	5,582	5,398
Non-cash assets granted away - Truro High School	-	3,189
Net (gains)/losses on investment assets	(84)	591
Dividends and interest from investments	(120)	(154)
(Profit) on the sale of fixed assets	(21)	(229)
Interest payable	181	130
(Increase) in stocks	(4)	(41)
(Increase)/decrease in debtors	(7)	(331)
(Decrease)/increase in creditors	(1,177)	2,794
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,401	9,985
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends and interest from investments	120	154
Proceeds from the sale of property, plant and equipment	4	932
Purchase of property, plant, equipment and intangibles	(14,102)	(6,348)
NET CASH USED IN INVESTING ACTIVITIES	(13,978)	(5,262)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Interest payable	(181)	(130)
Repayments of borrowings	(14)	(17)
Cash inflow from new borrowing	2,000	-
Finance lease payments	(12)	(30)
Fees in advance scheme:		
New fees in advance money	1,421	2,966
Amounts repaid	(143)	(119)
NET CASH USED IN FINANCING ACTIVITIES	3,071	2,670
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD	(6,506)	7,393
Cash and cash equivalents at the beginning of the reporting period	8,202	809
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	1,696	8,202
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	1,906	8,202
Bank overdrafts and revolving credit facility	(210)	-
	1,696	8,202

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

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 £28,106,000 and £28,257,000 respectively (2022: £18,783,000 and £18,843,000) reflect advance school fee payments and pupil fee deposits which occur in the normal course of business practice for independent schools. See Note 127 on Deposits.

As outlined in the Trustees' Annual Report, whilst Trustees are very aware of the challenging times ahead for independent schools, they are pleased that good work is being done across the Group to prepare for these. The trustees' review of the Group's financial position, the availability of funding, current forecasts and future plans gives them confidence that the Group remains a going concern for the foreseeable future.

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.

MIST is the sole shareholder of nine trading subsidiaries, with a separate trading subsidiary being used for the non-primary purpose trading conducted by nine of the ten Schools. MIST's smallest prep school does not have a subsidiary company. MIST is also the sole member of the Methodist Schools Property Company. These entities are consolidated into the group results as the sole membership confers effective control on MIST.

Merger accounting

In accordance with the merger transaction completed during the year ending 2022/23, in which Lorenden School and Moorlands School merged with MIST, the financial statements have been prepared using merger accounting principles. As a result of this, the assets, liabilities, and equity of the combined entity have been recorded at their respective fair values as of the acquisition date 30 September 2023. The merger accounting treatment has been applied consistently to all periods presented, and the financial statements reflect the consolidated financial position, results of operations, and cash flows of the combined entity.

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.

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

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

Donations 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. Donations received for the general purposes of the group are credited to unrestricted funds. Donations subject to specific wishes of donors or for a particular purpose are credited to restricted income funds or Endowed funds where the capital is permanent

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. Entitlement is taken to be the earlier date of the charitable company and its group being notified of an impending distribution following settlement of the estate or the legacy being received.

Investment income from securities and property is accounted for in the period in which it is receivable.

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 some teaching staff; The Pensions Trust Growth Plan (TPTGP) and The Legal & General Worksave Pension Plan (L&GWPP).

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 defined contribution scheme. 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.

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

Employee benefits - Other

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

Tangible fixed assets

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

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

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

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

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

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.

Change in accounting policy

Designated funds were previously drawn out separately to indicate that they were earmarked for a particular purpose by Trustees. This designation has been removed. A single figure is now reported for the unrestricted funds of the Charity and the Group and the comparatives have been brought into line with this change. Trustees believe this provides more reliable and relevant information about the funds position and emphasises the flexibility available to Trustees to direct funds as required.

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, bank overdrafts and funds drawn against the revolving credit facility (RCF).

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. All deposits have been recorded as liabilities falling due within one year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

Prior period adjustment

Deposits are paid when a pupil joins a school and are refundable when they leave, the timing of which is at the discretion of the parents under the terms of the parent contract. Deposits are therefore recorded as falling due within one year as noted above. This is a change from the previous accounting policy which sought to acknowledge that in practical terms deposits unwind annually as pupils leave at the standard break points in their schooling and would not all fall due at once. The comparatives for 2022 have been restated on the new basis.

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.

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

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 2023

3. DONATIONS AND LEGACIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2023 £'000	Total 2022 £'000
Donations	89	559	-	648	633
	<u>89</u>	<u>559</u>	<u>-</u>	<u>648</u>	<u>633</u>
2022	<u>124</u>	<u>509</u>	<u>-</u>	<u></u>	<u>633</u>

4. SCHOOL FEES

	Total 2023 £'000	Total 2022 £'000
Gross school fees chargeable	113,305	111,531
Less: Scholarships awarded to pupils	(3,060)	(3,523)
Bursaries awarded to pupils	(4,980)	(5,312)
Staff, sibling and other allowances	(5,926)	(5,418)
	<u>99,339</u>	<u>97,278</u>

School fees income amounted to £99,339,000 (2022: £97,278,000) of which £192,000 (2022: £188,000) was met from restricted funds donated towards bursaries and scholarships.

5. OTHER EDUCATIONAL INCOME

	Total 2023 £'000	Total 2022 £'000
Optional subjects and pupils' extras	2,886	2,543
Other ancillary income	2,252	1,923
	<u>5,138</u>	<u>4,466</u>

2023 other educational income amounted to £5,138,000 (2022: £4,466,000) all of which was unrestricted.

6. OTHER TRADING ACTIVITIES

	Total 2023 £'000	Total 2022 £'000
Lettings income	364	490
Income from subsidiary trading activities (note 7)	4,085	3,162
	<u>4,449</u>	<u>3,652</u>

Other trading activities income amounted to £4,449,000 (2022: £3,652,000) all of which was unrestricted.

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

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.

	2023 £'000	2022 £'000
Turnover	4,085	3,162
Operating costs	(2,908)	(2,485)
Profit for the year	<u>1,177</u>	<u>677</u>
Total assets	2,380	1,880
Total liabilities	(2,422)	(2,040)
Total funds	<u>(42)</u>	<u>(160)</u>

Fundraising Activities

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

	2023 £'000	2022 £'000
Income	5	15
Operating costs	(9)	(11)
(Loss)/profit for the year	<u>(4)</u>	<u>4</u>
Total assets	253	260
Total liabilities	(11)	(13)
Total funds	<u>242</u>	<u>247</u>

8. INVESTMENTS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2023 £'000	Total 2022 £'000
Investment income	91	19	-	110	146
Bank and other interest	10	-	-	10	8
	<u>101</u>	<u>19</u>	<u>-</u>	<u>120</u>	<u>154</u>
2022	<u>137</u>	<u>17</u>	<u>-</u>		<u>154</u>

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

9. OTHER INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2023 £'000	Total 2022 £'000
Other income:					
Other items	1,305	-	-	1,305	2,384
	<u>1,305</u>	<u>-</u>	<u>-</u>	<u>1,305</u>	<u>2,384</u>
2022	<u>2,384</u>	<u>-</u>	<u>-</u>		<u>2,384</u>

10. RAISING FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2023 £'000	Total 2022 £'000
Fundraising costs	204	14	-	218	160
Cost of subsidiary trading activities	2,908	-	-	2,908	2,485
	<u>3,112</u>	<u>14</u>	<u>-</u>	<u>3,126</u>	<u>2,645</u>
2022	<u>2,643</u>	<u>2</u>	<u>-</u>		<u>2,645</u>

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

11. ANALYSIS OF EXPENDITURE

	Staff costs	Depreciation	Other	Total 2023	Total 2022
	£'000	£'000	£'000	£'000	£'000
Raising funds:					
Fundraising costs	1,686	8	1,432	3,126	2,645
Charitable activity (provision of education):					
Teaching costs	49,419	48	4,933	54,400	51,975
Welfare costs	4,062	-	8,120	12,182	11,201
Premises costs	6,163	3,124	11,843	21,130	19,687
Support costs	6,409	2,402	7,066	15,877	15,248
Governance costs	-	-	962	962	1,230
Charitable publicity costs	1,293	-	1,317	2,610	2,651
Finance costs	-	-	739	739	628
Other	-	-	6	6	4,073
	<u>69,032</u>	<u>5,582</u>	<u>36,418</u>	<u>111,032</u>	<u>109,338</u>
2022	<u>65,888</u>	<u>5,398</u>	<u>38,052</u>		<u>109,338</u>

Expenditure on raising funds was £3,126,000 (2022: £2,645,000), of which £3,112,000 (2022: £2,643,000) was unrestricted and £14,000 (2022: £2,000) was restricted.

Charitable activities expenditure amounted to £107,906,000 (2022: £106,693,000) of which £310,000 (2022: £873,000) was restricted.

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

In 2022 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

	2023 £'000	2022 £'000
Auditor's remuneration	106	132
Other professional fees	150	276
Governors' expenses	63	41
Other costs	643	781
	<u>962</u>	<u>1,230</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 2023

13. NET INCOME

	2023 £'000	2022 £'000
Net income for the year is stated after charging:		
Amounts payable under operating leases	764	732
Depreciation on:		
Tangible fixed assets	5,521	5,369
Intangible fixed assets	48	29
(Profit) on disposal of tangible fixed assets	(21)	(229)
Interest payable on loans	181	130
Bad debts written off	227	338
Auditor's remuneration:		
Audit services - statutory audit of parent and consolidated accounts	85	100
Other services:		
Audit services - statutory audit of subsidiaries	21	32
Taxation compliance services	20	25

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

14. STAFF COSTS

<i>Group</i>	2023 £'000	2022 £'000
The aggregate staff costs during the year comprised:		
Wages and salaries	55,938	52,815
Social security costs	5,152	5,084
Defined benefit pension costs	6,767	7,722
Defined contribution pension costs	1,056	179
Termination/redundancy payments	119	88
	<u>69,032</u>	<u>65,888</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 £38,000 (2022: £10,000) was included within creditors at the balance sheet date.

	2023 No.	2022 No.
The average number of employees during the year comprised:		
Teaching staff	876	827
Non-teaching staff	<u>1,177</u>	<u>1,328</u>
	<u>2,053</u>	<u>2,155</u>

	2023 No.	2022 No.
The average number of employees during the year on the full time equivalent basis comprised:		
Teaching staff	747	705
Non-teaching staff	<u>807</u>	<u>842</u>
	<u>1,554</u>	<u>1,547</u>

	2023 No.	2022 No.
The number of employees whose emoluments exceeded £60,000 during the year were as follows:		
£60,001 - £70,000	27	17
£70,001 - £80,000	16	11
£80,001 - £90,000	4	7
£90,001 - £100,000	5	4
£100,001 - £110,000	1	2
£110,001 - £120,000	4	3
£120,001 - £130,000	3	4
£130,001 - £140,000	-	1
£140,001 - £150,000	3	-
£160,001 - £170,000	1	3

In respect of employees whose emoluments exceeded £60,000 during the year, total pension contributions payable during the year amounted to £862,000 (2022: £718,000).

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 nine individuals (2022: 9), who were trustees were reimbursed £18,000 for any travelling and subsistence costs incurred (2022: £11,000). During the year it was agreed that a payment would be made to the circuit (parish) employing the Chair of Trustees in order to facilitate his part-time release to support the work of MIST. Payments totalling £5,115 (2022: £nil) were made to the circuit during the year, with the express permission of the Charity Commission and the approval of the Trustees.

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

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 £7,384,000 (2022: £7,653,000).

	2023 £'000	2022 £'000
Charity		
The aggregate staff costs during the year comprised:		
Wages and salaries	54,407	49,815
Social security costs	5,152	4,930
Defined benefit pension costs	6,768	7,473
Defined contribution pension costs	1,056	165
Termination/redundancy payments	119	88
	<u>67,502</u>	<u>62,471</u>

Of the termination payments identified above, a total of £38,000 (2022: £10,000) was included within creditors at the balance sheet date.

	2023 No.	2022 No.
The average number of employees during the year comprised:		
Teaching staff	876	776
Other staff	1,151	1,251
	<u>2,027</u>	<u>2,027</u>

	2023 No.	2022 No.
The number of employees whose emoluments exceeded £60,000 during the year were as follows:		
£60,001 - £70,000	27	17
£70,001 - £80,000	16	11
£80,001 - £90,000	4	6
£90,001 - £100,000	5	4
£100,001 - £110,000	1	1
£110,001 - £120,000	4	3
£120,001 - £130,000	3	4
£130,001 - £140,000	-	1
£140,001 - £150,000	3	-
£160,001 - £170,000	1	3

In respect of employees whose emoluments exceeded £60,000 during the year, total pension contributions payable during the year amounted to £862,000 (2022: £697,000).

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

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 2022	137,791	770	35,676	1,585	175,822
Additions	4,407	5,716	3,568	389	14,080
Disposals	-	-	(243)	(105)	(348)
As at 31 August 2023	<u>142,198</u>	<u>6,486</u>	<u>39,001</u>	<u>1,869</u>	<u>189,554</u>
Depreciation:					
As at 1 September 2022	48,751	-	27,647	1,245	77,643
Charged for the year	3,117	-	2,266	138	5,521
Disposals	-	-	(238)	(126)	(364)
As at 31 August 2023	<u>51,868</u>	<u>-</u>	<u>29,675</u>	<u>1,257</u>	<u>82,800</u>
Net book value:					
As at 31 August 2023	<u>90,330</u>	<u>6,486</u>	<u>9,326</u>	<u>612</u>	<u>106,754</u>
As at 31 August 2022	<u>89,040</u>	<u>770</u>	<u>8,029</u>	<u>340</u>	<u>98,179</u>

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

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 Schools. The net book value of these properties which is included in the table above amounts to £33,131,000 (2022: £29,400,000).

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 (2022: £31,000) was charged in respect of those assets, and at the balance sheet date, the net book value of those assets amounted to £39,000 (2022: £69,000).

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

<i>Charity</i>	Land and buildings £'000	Assets under construction £'000	Fixtures and equipment £'000	Vehicles £'000	Total £'000
Cost:					
As at 1 September 2022	137,791	770	35,525	1,575	175,661
Additions	4,407	5,716	3,528	399	14,050
Disposals	-	-	(243)	(105)	(348)
As at 31 August 2023	<u>142,198</u>	<u>6,486</u>	<u>38,810</u>	<u>1,869</u>	<u>189,363</u>
Depreciation:					
As at 1 September 2022	48,751	-	27,511	1,245	77,507
Charged for the year	3,117	-	2,264	138	5,519
Disposals	-	-	(239)	(126)	(365)
As at 31 August 2023	<u>51,868</u>	<u>-</u>	<u>29,536</u>	<u>1,257</u>	<u>82,661</u>
Net book value:					
As at 31 August 2023	<u>90,330</u>	<u>6,486</u>	<u>9,274</u>	<u>612</u>	<u>106,702</u>
As at 31 August 2022	<u>89,040</u>	<u>770</u>	<u>8,014</u>	<u>330</u>	<u>98,154</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 Schools. The net book value of these properties which is included in the table above amounts to £33,131,000 (2022: £29,400,000).

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 (2022: £31,000) was charged in respect of those assets, and at the balance sheet date, the net book value of those assets amounted to £39,000 (2022: £69,000).

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

16. FIXED ASSET INVESTMENTS

	2023 £'000	2022 £'000
Group - Listed investments at market value		
Balance brought forward	5,081	5,672
Additions at cost	-	-
Net gains / (losses) in the year	84	(591)
Balance carried forward	<u>5,165</u>	<u>5,081</u>
Historical cost	<u>2,449</u>	<u>2,449</u>
	-	-
	£'000	£'000
Charity - Listed investments at market value		
Balance brought forward	4,933	5,186
Additions at cost	-	320
Net gains / (losses) in the year	81	(573)
Balance carried forward	<u>5,014</u>	<u>4,933</u>
Historical cost	<u>2,487</u>	<u>2,487</u>

Other investments

MIST is the sole member of the following subsidiary charities:

	Total assets	Total liabilities	Total funds	Total income	Total expenditure	Surplus
Foundations						
Woodhouse Grove Foundation Trust	253	(11)	242	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	847	(847)	-	1177	(941)	236
Farringtons School Enterprises Limited	112	(112)	-	115	(16)	99
Kent College (Canterbury) Enterprises Limited	378	(403)	(25)	734	(640)	94
Kent College (Pembury) Enterprises Limited	83	(83)	-	79	(17)	62
Moorlands School Enterprises Limited	108	(110)	(2)	97	(6)	91
Queen's College Taunton Enterprises Limited	191	(191)	-	697	(595)	102
Shebbear College Enterprises Limited	26	(45)	(19)	7	(12)	(5)
Truro School Enterprises Limited	290	(290)	-	651	(457)	194
Woodhouse Grove Enterprises Limited	346	(343)	3	529	(256)	273
Methodist Schools Property Company	-	-	-	-	-	-

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 2023

17. DEBTORS

	Group 2023 £'000	Group 2022 £'000	Charity 2023 £'000	Charity 2022 £'000
Fee debtors	1,139	1,062	1,139	1,062
Amounts owed by group undertakings	3	-	1,948	1,845
Other debtors	727	880	124	273
Prepayments and accrued income	1,897	1,817	1,897	1,817
	<u>3,766</u>	<u>3,759</u>	<u>5,108</u>	<u>4,997</u>

All of the group debtors represent amounts falling due within one year.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2023 £'000	Group 2022 £'000	Charity 2023 £'000	Charity 2022 £'000
Bank overdraft	210	-	210	-
Funds drawn on revolving credit facility (RCF)	2,000	-	2,000	-
Other loans	24	30	19	30
Finance lease obligations	28	26	28	26
Deposits (note 20)	6,934	6,902	6,934	6,902
Prepaid fees (note 20)	14,139	14,095	14,139	14,095
Composition fees (note 20)	1,737	1,664	1,737	1,664
Trade creditors	3,062	3,432	2,900	3,317
Taxation and social security costs	1,278	1,189	1,278	1,189
Other creditors	2,151	1,703	2,020	1,590
Pension deficit repayment plan	45	68	45	68
Accruals	2,382	1,843	2,198	1,743
	<u>33,990</u>	<u>30,952</u>	<u>33,508</u>	<u>30,624</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 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 2022 (both 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 £13,000,000 at 31 August 2023 (2022: £15,000,000).

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 2023

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

2023	Due within 1 to 2 years £'000	Due within 2 to 5 years £'000	Due after 5 years £'000	2023 Total £'000
Group				
Other loans	19	54	2	75
Finance lease obligations	4	-	-	4
Composition fees (note 20)	1,096	1,300	192	2,588
Pension deficit repayment plan	41	5	-	46
	<u>1,160</u>	<u>1,359</u>	<u>194</u>	<u>2,713</u>

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
Composition fees (note 20)	1,536	1,347	383	3,266
Pension deficit repayment plan	71	17	-	88
	<u>1,654</u>	<u>1,418</u>	<u>383</u>	<u>3,455</u>

2023	Due within 1 to 2 years £'000	Due within 2 to 5 years £'000	Due after 5 years £'000	2023 Total £'000
Charity				
Other loans	19	54	2	75
Finance lease obligations	4	-	-	4
Composition fees (note 20)	1,096	1,300	192	2,588
Pension deficit repayment plan	41	5	-	46
	<u>1,160</u>	<u>1,359</u>	<u>194</u>	<u>2,713</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
Composition fees (note 20)	1,536	1,347	383	3,266
Pension deficit repayment plan	71	17	-	88
	<u>1,654</u>	<u>1,418</u>	<u>383</u>	<u>3,455</u>

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

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:

2023	Group £'000	Charity £'000
Balance brought forward at 1 September 2022	20,997	20,998
Amounts received during the year	19,905	19,904
Amounts recognised as income during the year	(17,225)	(17,225)
Amounts repaid to parents during the year	(2,604)	(2,604)
Balance carried forward at 31 August 2023	<u>21,073</u>	<u>21,073</u>

2022	Group £'000	Charity £'000
Balance brought forward at 1 September 2021	19,166	17,818
Amounts received during the year	21,717	21,716
Amounts recognised as income during the year	(17,155)	(15,805)
Amounts repaid to parents during the year	(2,731)	(2,731)
Balance carried forward at 31 August 2022	<u>20,997</u>	<u>20,998</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:

2023	Group £'000	Charity £'000
Balance brought forward at 1 September 2022	4,930	4,930
Amounts received during the year	1,421	1,421
Interest earned on balances during the year	58	58
Amounts recognised as income during the year	(1,941)	(1,941)
Amounts repaid to parents during the year	(143)	(143)
Balance carried forward at 31 August 2023	<u>4,325</u>	<u>4,325</u>

2022	Group £'000	Charity £'000
Balance brought forward at 1 September 2021	3,829	3,829
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)	(139)
Balance carried forward at 31 August 2022	<u>4,930</u>	<u>4,930</u>

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

21. THE FUNDS OF THE GROUP AND THE CHARITY

2023	Balance at 1 September 2022	Income	Expenditure	Other	Balance at 31 August 2023
Group	£'000	£'000	£'000	£'000	£'000
Endowment funds:					
Scholarships and bursaries funds	285	-	-	6 ^U	291
	285	-	-	6	291
Restricted income funds:					
Scholarships and bursaries funds	1,474	398	(192)	405 ^{TU}	2,085
Appeals funds	288	127	(98)	(49) ^T	268
Other restricted funds	675	53	(21)	(392) ^T	315
	2,437	578	(311)	(36)	2,668
Unrestricted funds:					
Unrestricted funds	78,368	110,421	(110,721)	114 ^{TU}	78,182
	78,368	110,421	(110,721)	114	78,182
Total funds of the group	81,090	110,999	(111,032)	84	81,141
	Balance at 1 September 2022	Income	Expenditure	Other	Balance at 31 August 2023
	£'000	£'000	£'000	£'000	£'000
Charity					
Endowment					
Scholarships and bursaries funds	285	-	-	6 ^U	291
	285	-	-	6	291
Restricted income funds:					
Scholarships and bursaries funds	1,406	398	(192)	405 ^{TU}	2,017
Appeals funds	288	127	(98)	(49) ^T	268
Other restricted funds	675	53	(21)	(392) ^T	315
	2,369	578	(311)	(36)	2,600
Unrestricted funds:					
Unrestricted funds	78,197	107,387	(107,796)	108 ^{TU}	77,896
	78,197	107,387	(107,796)	108	77,896
Total funds of the charity	80,851	107,965	(108,107)	78	80,787

^T Transfer between funds

^U Unrealised gain/(loss)

Movements in funds arising from investment gains/(losses) and transfers between funds are all included in the column headed 'Other'.

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

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	285
Foundation fund	2,005	-	(2,005)	-	285 ^T
	<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) ^{TU}	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:					
Unrestricted funds	76,808	108,041	(106,460)	(21) ^{TU}	78,368
	<u>76,808</u>	<u>108,041</u>	<u>(106,460)</u>	<u>(21)</u>	<u>78,368</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) ^{TU}	1,406
Appeals funds	934	155	(597)	(204) ^T	288
Other restricted funds	27	130	(73)	591 ^T	675
	<u>2,833</u>	<u>547</u>	<u>(858)</u>	<u>(153)</u>	<u>2,369</u>
Unrestricted funds:					
Unrestricted funds	75,891	101,542	(98,867)	(369) ^{TU}	78,197
	<u>75,891</u>	<u>101,542</u>	<u>(98,867)</u>	<u>(369)</u>	<u>78,197</u>
Total funds of the charity	<u>78,724</u>	<u>102,408</u>	<u>(99,725)</u>	<u>(556)</u>	<u>80,851</u>

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

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

Movements in funds arising from investment gains/(losses) and transfers between funds are all included in the column headed up 'Other'.

Restricted funds include amounts given 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 £27,000 (2022: £47,000) and expenditure of £16,000 (2022: £34,000) during the year, and their net assets at 31 August 2023 totalled £609,000 (2022: £485,000).

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

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

2023	Tangible & intangible fixed assets £'000	Investments £'000	Net current assets/ (liabilities) £'000	Long term liabilities £'000	Total £'000
Group					
Endowment funds	-	291	-	-	291
Restricted funds	-	2,600	68	-	2,668
Unrestricted funds	106,795	2,274	(28,174)	(2,713)	78,182
	<u>106,795</u>	<u>5,165</u>	<u>(28,106)</u>	<u>(2,713)</u>	<u>81,140</u>

	Tangible & intangible fixed assets £'000	Investments £'000	Net current assets/ (liabilities) £'000	Long term liabilities £'000	Total £'000
Charity					
Endowment funds	-	291	-	-	291
Restricted funds	-	2,600	-	-	2,600
Unrestricted funds	106,743	2,123	(28,257)	(2,713)	77,896
	<u>106,743</u>	<u>5,014</u>	<u>(28,257)</u>	<u>(2,713)</u>	<u>80,787</u>

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>

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

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:

	2023 £'000	2022 £'000
Within one year	714	676
Between one and two years	432	455
Between two and five years	451	398
After five years	2	1
	<u>1,599</u>	<u>1,530</u>

Charity - Lessee

	2023 £'000	2022 £'000
Within one year	714	675
Between one and two years	432	455
Between two and five years	451	398
After five years	2	1
	<u>1,599</u>	<u>1,529</u>

24. CAPITAL COMMITMENTS

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

Group	2023 £'000	2022 £'000
Contracted for but not provided in these financial statements	4,120	4,836
Authorised but not contracted for	<u>802</u>	<u>-</u>

Charity	2023 £'000	2022 £'000
Contracted for but not provided in these financial statements	4,120	4,836
Authorised but not contracted for	<u>802</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

25. PENSIONS

Retirement benefits to employees of the charitable company and its group are provided by the Teachers' Pension Scheme (TPS) in respect of some teaching staff; the Methodist Ministers Pensions Scheme for 3 school chaplains who meet the eligibility requirements; the Pensions Trust Growth Plan (TPTGP) and the Legal & General Worksave Pension Plan (L&GWPP) in respect of all other staff.

Some of 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 £5,196,000 (2022: £6,611,000) and at the year-end £472,000 (2022 - £634,000) 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 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 March 2020 and the Valuation Report, which was published in October 2023.

Following the McCloud judgement, the remedy proposed that when benefits become payable, eligible members can select to receive them from either the reformed or legacy schemes for the period 1 April 2015 to 31 March 2022. The actuaries have assumed that members are likely to choose the option that provides them with the greater benefits, and in preparing the 2020 valuation have valued the 'greater value' benefits for groups of relevant members.

The valuation confirmed that the employer contribution rate for the TPS would increase from 23.6% to 28.6% from 1 April 2024. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 28.68%.

The Methodist Ministers Pensions Scheme (MMPS) is a defined benefit scheme operated by the Methodist Church.

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 2022 would have been £1,353,000 (30 September 2021: £2,053,000). 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.

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

The charitable company and its group are committed to deficit repayments in relation to TPTGP of £92,000 over a period of two years (2022: £156,000 over three years). Provision has been made for deficit repayments as follows:

	Group 2023 £'000	Group 2022 £'000	Charity 2023 £'000	Charity 2022 £'000
Provision at the start of the year	156	899	156	899
Unwinding of the discount factor	5	(32)	5	(32)
Deficit contribution paid	(67)	(184)	(67)	(184)
Impact of changes in assumptions	-	(6)	-	(6)
Amendments to contribution schedule	(2)	(521)	(2)	(521)
Provision at the end of the year	<u>92</u>	<u>156</u>	<u>92</u>	<u>156</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:

	2023 £'000	2022 £'000
Defined benefit schemes:		
The Teachers' Pension Scheme	5,196	6,611
The Pensions Trust Growth Plan	906	1,095
Methodist Ministers' Pension Scheme	18	16
Local Government Pension Schemes	649	-
Defined contribution schemes	<u>1,056</u>	<u>179</u>
	<u>7,825</u>	<u>7,901</u>

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

	2023 £'000	2022 £'000
Defined benefit schemes:		
The Teachers' Pension Scheme	472	634
The Pensions Trust Growth Plan	69	64
Defined contribution schemes	<u>222</u>	<u>23</u>
	<u>763</u>	<u>721</u>

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

26. Related party transactions

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	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Culford School Trading Trust Limited	235	275	355	111	591	386
Farringtons School Enterprises Limited	99	100	12	6	99	103
Kent College Canterbury Enterprises Limited	-	-	-	-	326	473
Kent College Pembury Enterprises Limited	62	50	-	-	73	54
Moorlands School Enterprises Limited	93	-	-	-	100	-
Queen's College Taunton Enterprises Limited	102	14	78	69	173	81
Shebbear College Enterprises Limited	-	-	-	11	42	42
Truro School Enterprises Limited	194	37	-	-	232	197
Woodhouse Grove Enterprises Limited	273	215	-	-	310	285
	<u>1,058</u>	<u>691</u>	<u>445</u>	<u>197</u>	<u>1,946</u>	<u>1,621</u>

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

- Trustee Fiona Mynors provided professional services to the Trust during the year at a cost of £1,277 (2022: £5,207).

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

27. Analysis of changes in net debt - Group

	Balance at 1 September 2022 £'000	Cash flows £'000	Other non-cash changes £'000	Balance at 31 August 2023 £'000
Cash at bank and in hand	8,202	(6,296)	-	1,906
Bank overdraft	-	(210)	-	(210)
Composition fees	(4,930)	(1,278)	1,883	(4,325)
Revolving Credit Facility	-	(2,000)	-	(2,000)
Other loans	(113)	14	-	(99)
Obligations under finance leases	(44)	12	-	(32)
	<u>3,115</u>	<u>(9,758)</u>	<u>1,883</u>	<u>(4,760)</u>