



# Annual report

2016-17



Financial statements  
for the year ended  
**31 March 2017**

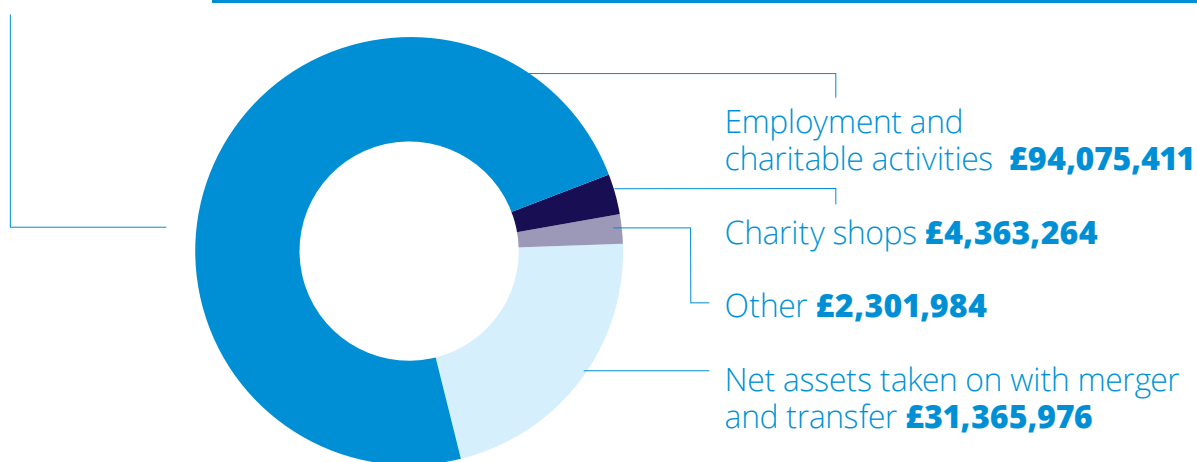


Registered Company Number 1744121  
Registered Charity Number in England & Wales 287785  
Registered Charity Number in Scotland SC039856  
A Company Limited by Guarantee

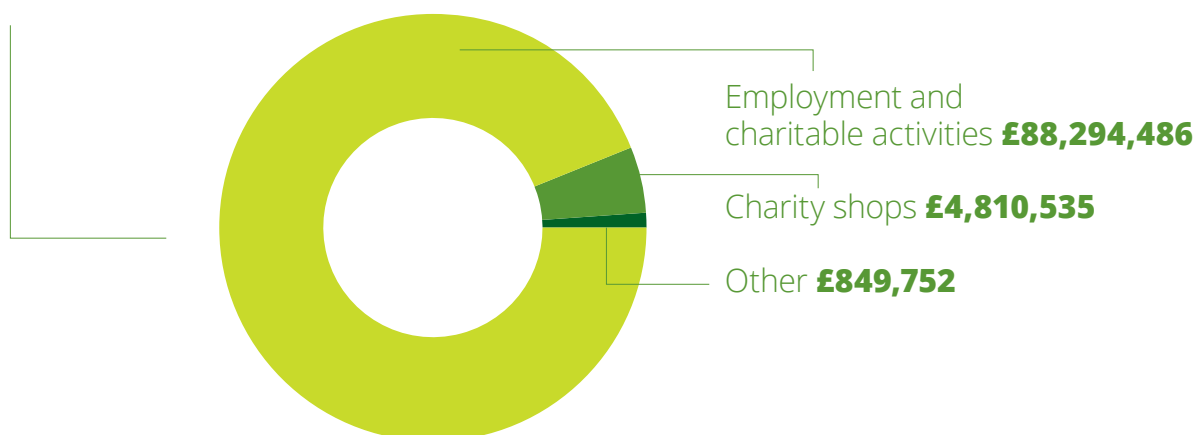
# Strategic report

## 1. Figures at a glance

### Incoming resources



### Resources expended



## 2. Financial review

The Shaw Trust consolidated financial statements for the year ending 31 March 2017 incorporate the results of Forth Sector, which became a subsidiary of Shaw Trust in January 2017.

The financial statements also include the Disabled Living Foundation (DLF) following a merger in November 2014, the 90% ownership of CDG-WISE Ability Limited (CDGWA) and the results of Shaw Education Trust, which was established by Shaw Trust in June 2014 as a multi-academy trust. During the year, three schools joined Shaw Education Trust, taking the number of schools operated by Shaw Education Trust to eight with more than 4,500 pupils.

Economic conditions in the main UK market continue to be challenging, with a further reduction in clients referred to the main welfare to work programmes, which has resulted in an overall fall in incoming resources from charitable activities. Referrals to the Work Programme ceased at the end of March 2017 but the Trust secured extensions to its Work Choice contracts until September 2017 and a one year contract with the Scottish government to deliver its Work First Scotland employability programme.

The Trust returned a surplus from its core operating activities and during the year continued to implement plans to both restructure and invest in its activity and performance in order to prepare for long term growth.

The results of each main activity may be summarised as follows:

Shaw Trust UK operations (excluding business combinations in year)	£3.6m
CDGWA	£0.4m
Shaw Education Trust	£33.5m*
Forth Sector	£0.8m
STAR Skills Limited	£0.0
Overseas operations	£0.2m
Net movement in funds	£38.5m

\*The net movement in funds for Shaw Education Trust includes the value of assets acquired at the date that new schools joined Shaw Education Trust amounting to £30.7m (further details are included in note 26 – Business combinations). The movement from £30.7m to £33.5m is due to actuarial changes to the Shaw Education Trust pension schemes.

Incoming resources from the activity of the group increased by 27.3% from the previous year to £132.1m. The net surplus before the effect of unrealised gains on the investment portfolio, unrealised gains on foreign currency net assets and actuarial gains/ (losses) on the pension fund was £38.1m (2016: £7.4m) and the Trust recorded an increase in reserves of £38.5m (2016: £11.4m).

Net cash and current asset investments decreased by £3.9m in the year (2016: a decrease of £3.5m).

Capital expenditure incurred of £0.7m was primarily in respect of the costs of updating the Trust's information technology and the transfer to an outsourced provider.

The strategic plan to develop significant alternative income streams continues and during the year the Trust commenced new contracts for delivering a wider range of health and related client services in Kent. After the year end the Trust acquired Ixion Holdings (Contracts) Ltd from Anglia Ruskin University. Ixion is a not-for-profit organisation working in the employment, justice, innovation, business start-ups and skills sectors.

The investment portfolio recorded a net gain of £2.7m in the year (2016: decrease £0.7m) as a result of favourable movement in the world financial markets.

### **Investment powers, policy and performance**

The Trust's Memorandum and Articles of Association govern investment powers and permit the Trust's funds to be invested in a wide range of assets. Shaw Trust's investment policy for its UK reserves is to balance the security of its funds available for investment with the need for liquidity to meet its obligations as they fall due, while obtaining the best yield that can be generated given the Trust's risk appetite.

In line with this policy the Trust has continued to invest a portion of its UK reserves in fixed-term deposits with highly rated UK banks. The amount held on deposit as at 31 March 2017 was £4.2m (2016: £19.0m). The average amount on deposit during the year was £10.7m (2016- £21.0m) and this average investment produced a yield of £0.14m or 0.76% (2016 - £0.16m or 0.74%) illustrating the continuing low returns available on cash deposits.

The majority of the remainder of the Trust's UK reserves are invested by the Trust's Investment Manager, Quilter Cheviot Asset Management, in a balanced portfolio of listed UK and overseas equities and bonds and alternative investments.

The funds transferred as part of the merger with DLF were moved from investment managers, Sarasin & Partners, to Quilter

Cheviot in the year.

The investment policy with regard to the funds held by Quilter Cheviot is to obtain the best financial return within an acceptable degree of risk to generate a total return of RPI plus 4% on sums invested over the long term. As the interest rate returns on amounts held in short-term deposits has fallen significantly below this rate of return, a decision was made during 2016-17 to allocate a larger proportion of the Trust's reserves into the funds managed by Quilter Cheviot.

During the year the Trust's investment portfolios increased in value by £3.2m, significantly better than the rise in the global markets experienced in the year. The market value as at 31 March 2017 was £30.4m (2016: £17.2m).

### **Reserves policy**

The Trust's free reserves are held to manage the risks to which the charity is exposed in the course of its activities. The Trustees ensure that the charity is in a responsible and secure financial position to provide reliable services for our beneficiaries, to absorb unforeseen setbacks and to take advantage of opportunities that are in line with our charitable mission.

The reserves policy is reviewed at least annually by the Trustees, to take account of changes to the environment in which the Trust operates, and any other internal or external risk factors that might impact on the level of reserves required.

The reserves policy is based on the level of free reserves, which is defined as total unrestricted funds less any designated funds, revaluation reserves and pension scheme surpluses or deficits.

The Trustees ensure that the free reserve target they set will be capable of providing sufficient:

- Working capital to fund targeted growth opportunities

- Funds for responsive action in the event of a significant financial downturn
- Funds to be able the Trust to take advantage of market driven investment opportunities

In setting the target, the Trustees appraise current areas of activity, funding sources, future needs, opportunities, contingencies and the risks faced by the charity. Specific attention is given to:

- The time needed to implement an effective operational response to any significant, permanent income reduction
- Dependence on, and the future reliability of, individual income streams as the Trust currently undertakes medium-term contracts within a maturing market sector
- The need to have sufficient working capital available to participate in relevant future major employment related programmes funded by the UK Government
- The actual on-going liabilities of the Trust to all stakeholders.

The Trustees continue to monitor the level of reserves held by the Trust to ensure that the appropriate balance is struck between the prudence that is necessary in the light of continuing economic uncertainty and the fulfilment of the Trust's charitable aims.

As at 31 March 2017 the level of free reserves was £ 31.1m (2016: £29.4m) which is equivalent to 16.6 weeks annualised operating expenditure (2016: 15.3 weeks).

### **3. Risks and uncertainties**

This subject is referred to in depth in the risk management section of Structure, Governance and Management, below.

### **4. Plans for the future**

Referrals to the Trust's main welfare to work programmes are due to cease during the 2017-18 financial year. The Trust is focused in the UK on maximising performance on these key contracts by ensuring that clients remaining on programme are supported to achieve and remain in employment.

As we prepare to face the end of the current Work Choice and Work Programme contracts, our planned direction will include securing contracts for successor welfare to work contracts with the Department of Work and Pensions and other commissioning bodies including the Work and Health Programme and further penetration into new areas so we can help even more people that need us.

### **5. Objectives and activities of the Trust**

The objectives of the Trust are:

- To relieve any person who is in need because of any disability or because of any other disadvantage resulting from unemployment, youth, age, financial hardship, ill-health or because they are offenders, ex-offenders or are at risk of offending
- The promotion of the health, equality and independence of disabled people
- The prevention and relief of poverty.

The Trust aims to further its objectives in particular by providing education, training, rehabilitation, support, employment and personal development opportunities.

The company will be non-party in politics and non-sectarian in religion.

## 6. Achievements and performance

The Trust operates across a number of sectors to achieve its aims and objectives.

The key achievements from 2016-17 are:

- Employment contracts: The Trust helped over 22,400 people to gain skills to help them get ready for work
- Health and wellbeing: The Trust helped 1,898 people with their mental health and wellbeing
- Enterprises: The Trust's social enterprises supported 280 adults with learning difficulties, disabled jobseekers and students
- Shaw Education Trust: Shaw Education Trust operates eight academies across the country, supporting more than 4,500 pupils

## 7. Structure, governance and management governing documents

The company is legally constituted under its Memorandum and Articles of Association dated 3 August 1983 and amendments thereto.

### Governance

The Trustees in office during the year, and at the date of signing these financial statements, are set out on page 13. The Trustee Board has overall responsibility for the governance of the Trust which it discharges through three main duties:

1. Ensuring there is a strategy in place
2. Monitoring the implementation of the strategy against agreed plans, ensuring adequate resource is available
3. Ensuring the Trust complies with all necessary statutory and regulatory obligations

As part of this, the Trustees ensure that there is a robust system of internal

control and risk management, as well as an appropriate reporting and oversight structure to ensure that the senior executives to whom the Trustees have delegated the daily management of the Trust are performing to the standards expected.

The Board meets bi-monthly and, while the matters discussed at those meetings will vary, the general themes of discussions are:

- Strategy
- Review of performance
- Developments in the Trust's external operating environment
- Major internal change programmes

During the year, the following subcommittees of the Trustees discharged specific aspects of their responsibilities:

- The Audit Committee has a key responsibility for financial and corporate governance, including ensuring effective liaison with external audit, considering major findings of internal audit reports and matters of risk management, and receiving updates on the Trust's strategic risk register
- The Nominations and Remuneration Committee is responsible for determining the Trust's overall HR strategy and approving major changes to the Trust's structure, employees' terms and conditions and the pay and reward for senior executives
- The Performance and Investment Committee is responsible for reviewing in detail the operational and financial performance of the Trust
- The New Business Committee ceased in 2015-16. During 2016-17 responsibilities regarding scrutinising major new business opportunities were absorbed by the Performance



and Investment Committee

The Trustees have delegated the daily management of the Trust to the Chief Executive and the Executive Management Team. The main employment related contracts are delivered by a regionally organised Operations department with other operational activities being delivered by dedicated business unit teams.

Our operational staff are supported by Business Development and Communications, Information Services, People and Performance, and Finance teams.

As part of their succession planning, the Trustees have a system of Trustee evaluation to identify potential gaps in their individual skills and of the Board as a whole. Evaluation is carried out annually by the Trustees. Trustees are recruited in an open process, targeted towards any skills needs identified by the Trustee evaluation process, ensuring that we obtain the right balance of experience and expertise.

New Trustees can be co-opted by the members to fill a vacancy at any time during the year. Co-opted Trustees, if they wish to continue, seek re-election at the first Annual General Meeting after their appointment.

Every new Trustee receives a copy of Shaw Trust's Memorandum and Articles of Association; a summary of how it operates to achieve its charitable objects, with particular attention to its core areas of operations; a copy of Shaw Trust's latest reports and financial statements; a copy of the Code of Practice adopted by the Trustees; details of Shaw Trust's senior executives and their respective roles, terms of reference and reporting lines; details of Board meetings and the Board papers made available for meetings.

As well as induction, Trustees are able to undertake training in specific areas of Shaw Trust's operations through visits and presentations.

## **Risk management**

Trustees are responsible for setting the tone and influencing the culture of risk management within the Trust, including the attitude to risk. Through the Executive Management Team and Audit Committee, which consists of Trustees with a financial and risk management background Trustees discharge their responsibilities toward risk management by:

- The adoption of a range of policies and procedures to enable effective risk management including a risk management policy, an anti-fraud policy, a whistleblowing policy and a registration of interests' policy
- The maintenance of a corporate risk register, which is used to monitor the risk environment of the Trust and to inform audit plans
- The establishment and maintenance of the 'three lines of defence' model of internal control
- Line one - management controls to prevent, detect and respond to exposure to risk. These include organisational structures that enable segregation of duties, the implementation of security protocols in respect of assets and information, pre-employment checks and ongoing training, supplemented by management supervision and checking arrangements
- Line two - risk management through the development, implementation, testing and maintenance of an effective control and governance environment. In addition, line two provides assurance in respect of the quality of service provision and compliance with legislation, contractual requirements and relevant standards. The Trust's line two reports into senior management and the Trustee Board, through the

Audit Committee, and informs the Trust's risk register

- Line three - internal audit which is performed by an internal Commercial Assurance Team (CAT) and, to maximise independence and objectivity, an outsourced provider (KPMG). Reporting primarily to the Audit Committee, the CAT and KPMG undertake a range of auditing and compliance testing to provide assurance over the effectiveness of corporate governance and the control environment. All reports identify areas of strength and good practice along with areas for improvement. In the case of the latter the Audit Committee monitors a time based log of improvement actions, agreed by the management and the auditors, to ensure that they are implemented

The identification, evaluation and monitoring of significant risks is a continuous process. Emerging risks and changes to the risk profile are identified by the Executive Management Team and reported to the Audit Committee and main Trustee Board through a Corporate Risk Register. The Trustee Board reviews new and existing risks, challenges risk ratings and assesses the effectiveness of mitigating actions and controls. It also considers whether other risks should be reviewed and advises management accordingly.

The assessment of risk is linked to the Shaw Trust strategy and the following have been identified as key risks and the Trust is taking appropriate steps to monitor and mitigate them:

- Failure to finance our strategy
- Breakdown of the relationship with commissioners as a result of poor performance, breach of contract or poor compliance
- Ineffective protection of the confidentiality, integrity or availability

of the Trust's records and information assets

- Financial and reputational damage caused by theft, fraud or poor governance
- Inability to deliver services and mission arising from unexpected business interruption
- Inadequate safeguarding of vulnerable clients leading to physical, mental or emotional harm to our service users
- Inability to influence, anticipate and respond to changes in the political, social and economic climate
- Inability to grow and develop the Trust both culturally and commercially to ensure its long term viability in line with the Trust's strategy
- Weak or ineffective leadership
- Disillusioned staff

The group's financial risk management objectives and policies are to:

- Maintain a strong balance sheet to instil confidence of stakeholders and to sustain the future development of the business
- Invest surplus funds so as to return a yield consistent with the Group's risk appetite and ensuring sufficient liquidity to meet obligations as they fall due

The main risks arising from this policy are counterparty and liquidity risk which the group manages by:

- Diversifying its investments
- Investing only with highly rated institutions
- Ensuring investments mature on a regular basis

Liquidity risk is managed by ensuring the Trust has sufficient reserves and liquid investments to cover foreseeable requirements.

Credit risk on amounts owed to the Trust by its customers is low. Credit risk also arises from cash deposits with banks, and only independently rated parties with a minimum rating of 'A' are accepted.

Interest rate cash flow control risks are mitigated as the Trust is able to place surplus funds on short term deposits.

The group currently finances its operations through its reserves and has not required external funding to date. The Group does have a foreign exchange risk arising from investments in charities operating in Poland, Romania and Australia. However, this risk is not material and as such has not been hedged.

While the group does have significant concentrations of debt due from the UK central and local government, the risk is not considered to be significant because of the credit rating of the institutions.

### **Disabled employees**

The group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities.

Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the group. If members of staff become disabled the group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

### **Employee involvement**

The group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect them.

Employee involvement in the group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the group plays a major role in maintaining and growing its position.

The group encourages the involvement of employees through a forum where employees are represented by elected colleagues on a regional basis who meet regularly with the Executive Management Team.

### **Directors' indemnities**

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

## **Post Balance Sheet Events**

After the year end the Trust acquired Ixion Holdings (Contracts) Ltd (“Ixion”) from Anglia Ruskin University. Ixion is a not-for-profit organisation working in the employment, justice, innovation, business start-ups and skills sectors.

## **Statement on going concern**

After reviewing the charity’s forecasts and projections and its reserves, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operation for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

There are risks to the going concern of the charity. These are principally that currently the main sources of funding for the charity are from two welfare to work contracts (Work Choice and Work Programme) with the Department for Work and Pensions, referrals to the programmes are due to cease by the end of 2017.

The charity is implementing a strategy to mitigate this main risk in the following ways:

- Diversifying into other sectors – the Trust has won contracts in the justice and community health sectors and recently acquired Ixion Holdings (Contracts) Ltd from Anglia Ruskin University
- Further engaging with commissioners
- Driving performance
- Ensuring that the Trust continues to be lean and fit for purpose and responds to the changing environments and markets in which it operates

# Statutory and administrative details of the charity, the Trustees and advisers

## President

Tim Papé OBE, DL

## Patrons

John Bush OBE, LL  
Mark Daymond  
Dame Evelyn Glennie OBE  
Sir Geoffrey Holland KCB  
Sir Derek Hornby Kt  
Baroness Kinnock  
Professor Sir Mansel Aylward CB  
Richard M Mansell-Jones  
Rt Hon Sir Richard Needham  
Clive Richards OBE, DL  
Oliver Stocken

## Trustees

Ken Olisa OBE, Chairman  
Janet Allen \*  
Paul Baldwin \* ♦  
Mike Hawker \*  
Peter Holmes •  
Ann Lloyd CBE (resigned 31 October 2016)  
Vanessa Miner  
John Norman ♦  
Dr Mike Nussbaum ♦•  
Christina Patterson ♦  
Rebecca Sudworth •

\* Member of the Audit Committee

♦ Member of the Nominations and Remuneration Committee

● Member of the Performance and Finance Committee

## Executive Management Team

Roy O'Shaughnessy  
*Chief Executive*

David Phipps  
*Chief Financial Officer*

Austin Hardie  
*Executive Director of Enterprise and Operations*  
(appointed 5 November 2016)

Jude Sheeran  
*Chief Operating Officer*  
(resigned 30 June 2016)

Dean James  
*Chief Strategy Officer* (appointed 5 May 2015,  
resigned 31 May 2016)

James Kelly  
*Executive Director New Enterprise and Markets*  
(appointed 9 November 2015, resigned 9  
November 2016)

## Company Secretary

Nick Carey

## Registered Office

Third Floor, 10 Victoria Street, Bristol  
BS1 6BN

## Independent Auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory  
Auditors, 2 Glass Wharf, Bristol BS2 0RF

## Bankers

The Royal Bank of Scotland, 9th Floor,  
280 Bishopsgate London EC2M 4RB

## Investment Managers

Quilter Cheviot, One Kingsway,  
London WC2B 6AN

Sarasin & Partners (ceased May 2016)  
Juxon House, 100 St. Paul's Churchyard,  
London EC4M 8BU

## Solicitors

Brabner Chaffe Street Solicitors, 55 King  
Street, Manchester M2 4LQ

A company limited by guarantee registered number 1744121  
Registered charity number in England & Wales 287785  
Registered charity number in Scotland SC039856  
The Shaw Trust Limited is a private company limited by guarantee  
without share capital and incorporated in England.

## Statement of Trustees' responsibilities

The Trustees (who are also directors of The Shaw Trust Limited 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 Statement of Recommended Practice (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
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005

and the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

### Disclosure of information to auditors

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- 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.

### Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustees confirm that they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission.

Ken Olisa, Chairman  
27 July 2017

# Independent auditors' report to the members and Trustees of The Shaw Trust Limited

## Report on the financial statements

### Our opinion

In our opinion, The Shaw Trust Limited's group financial statements and parent charitable company financial statements (the 'financial statements'):

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2017 and of the group's incoming resources and application of resources, including its income and expenditure and of the group's cash flows 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### What we have audited

The financial statements, included within the Annual Report, comprise:

- the group and parent charitable company balance sheets as at 31 March 2017;
- the group statement of financial activities and the group summary income and expenditure account for the year then ended;
- the group cash flow statement for the year then ended;
- the accounting policies; and

- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the trustees have made a number of subjective judgments, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Other matters on which we are required to report by exception

### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Trustees' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## Responsibilities for the financial statements and the audit

### Our responsibilities and those of the Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 14, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and

fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members and Trustees as a body in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and regulations made under those Acts (regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and Chapter 3 of Part 16 of the Companies Act 2006) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the charitable company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Trustees; and
- the overall presentation of the financial statements.



We primarily focus our work in these areas by assessing the Trustees' judgements against available evidence, forming our own judgments, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Katharine Finn (Senior Statutory Auditor)  
for and on behalf of  
PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory  
Auditors  
Bristol  
27 July 2017

# The Shaw Trust Limited Group statement of financial activities

for the year ended 31 March 2017 (including Group income and expenditure account)

	Note	Unrestricted Funds £'000	Restricted Funds £'000	<b>Total 2017 £'000</b>	Restated Total 2016 £'000
Income and endowments from:					
Donations and Legacies		141	1,100	<b>1,241</b>	271
Charitable activities		70,043	26,716	<b>96,759</b>	91,665
Other trading activities	1a	4,099	683	<b>4,782</b>	4,238
Investments		532	46	<b>578</b>	247
Other Income		63	-	<b>63</b>	156
Net assets taken on with mergers and transfers	26	-	31,366	<b>31,366</b>	9,430
Incoming resources including share of joint ventures	1	74,878	59,911	<b>134,789</b>	106,007
Less share of gross incoming resources of joint ventures		-	(2,682)	<b>(2,682)</b>	(2,194)
<b>Group incoming resources</b>		<b>74,878</b>	<b>57,229</b>	<b>132,107</b>	<b>103,813</b>
Expenditure on:					
Raising funds	2	(4,874)	-	<b>(4,874)</b>	(3,946)
Charitable activities	2	(68,803)	(20,278)	<b>(89,081)</b>	(92,674)
<b>Total resources expended</b>		<b>(73,677)</b>	<b>(20,278)</b>	<b>(93,955)</b>	<b>(96,620)</b>
<b>Net income</b>		<b>1,201</b>	<b>36,951</b>	<b>38,152</b>	<b>7,193</b>
Transfers between funds	18	244	(244)	-	-
<b>Group net income</b>		<b>1,445</b>	<b>36,707</b>	<b>38,152</b>	<b>7,193</b>
Share of net incoming resources of joint ventures	10	-	(36)	<b>(36)</b>	185
Net incoming resources including joint ventures		1,445	36,671	<b>38,116</b>	7,378
Gains on disposals		-	-	-	-
Gains on the revaluation of fixed assets		-	-	-	-
Gains / (losses) on fixed asset investments	11	2,686	-	<b>2,686</b>	(713)
Actuarial (losses) / gains on defined benefit pension scheme	24	148	(2,674)	<b>(2,526)</b>	4,566
Other gains		-	193	<b>193</b>	120
<b>Net movement in funds</b>		<b>4,279</b>	<b>34,190</b>	<b>38,469</b>	<b>11,351</b>
Fund balances brought forward		35,056	40,968	<b>76,024</b>	64,673
<b>Fund balances carried forward</b>		<b>39,335</b>	<b>75,158</b>	<b>114,493</b>	<b>76,024</b>

# Group and charity balance sheets

as at 31 March 2017

	Note	Group 2017 £'000	Restated 2016 £'000	Company 2017 £'000	2016 £'000
<b>Fixed assets</b>					
Intangible assets	8	2,403	1,490	2,098	1,061
Tangible assets	9	87,602	46,871	4,782	6,260
Investments in subsidiaries	10	-	-	289	466
Available for sale investments	11	30,387	17,180	30,387	17,180
<b>Investments in joint ventures – investment at cost</b>					
Gross assets		1,619	1,727	-	-
Gross liabilities		(667)	(813)	-	-
Net assets	10	952	914	-	-
<b>Total fixed assets</b>		<b>121,344</b>	66,455	<b>37,556</b>	24,967
<b>Current assets</b>					
Stocks	13	383	363	342	363
Debtors	14	7,152	8,257	6,200	7,083
Current asset investments		4,201	19,000	4,201	19,000
Cash at bank and in hand	15	19,928	8,989	10,486	6,365
<b>Total current assets</b>		<b>31,664</b>	36,609	<b>21,229</b>	32,811
Creditors – amounts falling due within one year	16	(15,125)	(15,590)	(12,693)	(14,876)
<b>Net current assets</b>		<b>16,539</b>	21,019	<b>8,536</b>	17,935
Total assets less current liabilities		<b>137,883</b>	87,474	<b>46,092</b>	42,902
Creditors – amounts falling due after one year	16b	(1,371)	-	-	-
Provision for liabilities and charges	17	(3,527)	(3,787)	(3,527)	(3,787)
<b>Net assets before pension liability</b>		<b>132,985</b>	83,687	<b>42,565</b>	39,115
Pension liability	24	(18,492)	(7,663)	95	(47)
<b>Net assets after pension liability</b>		<b>114,493</b>	76,024	<b>42,660</b>	39,068
<b>Funds</b>					
Designated funds	18	3,274	3,257	3,069	3,052
Revaluation reserve	18	1,445	2,506	1,445	2,506
General funds	18	34,563	29,390	33,498	29,097
Total unrestricted funds excluding pension liability		<b>39,282</b>	35,153	<b>38,012</b>	34,655
Pension liability		95	(47)	95	(47)
<b>Total unrestricted funds</b>		<b>39,377</b>	35,106	<b>38,107</b>	34,608
Restricted funds	19	75,158	40,968	4,553	4,460
<b>Total Funds (including non controlling interest)</b>		<b>114,535</b>	76,074	<b>42,660</b>	39,068
<b>Non Controlling Interest</b>		<b>(42)</b>	(50)		
<b>Total Funds</b>		<b>114,493</b>	76,024	<b>42,660</b>	39,068

The financial statements on pages 18 to 58 were approved by the board of directors on 27 July 2017 and were signed on its behalf by **Ken Olisa, Chairman**.

# Group consolidated statement of cash flows

for the year ended 31 March 2017

	Note	2017 £'000	2017 £'000	Restated 2016 £'000	Restated 2016 £'000
<b>Net cash inflow / (outflow) from operating activities</b>	a		<b>6,915</b>		<b>(1,151)</b>
Taxation			-		-
<b>Net cash generated from operating activities</b>			<b>6,915</b>		<b>(1,151)</b>
<b>Cash flow from investing activities</b>					
<b>Business combinations</b>					
Cash at hand and at bank acquired with subsidiary under-takings:					
Shaw Education Trust		850		404	
Forth Sector		29		-	
<b>Net cash inflow from business combinations</b>			879		404
<b>Capital expenditure and financial investment</b>					
Purchase of tangible assets		(751)		(2,831)	
Purchase of intangible assets		(1,023)		(85)	
Net purchases of investments		(10,520)		(151)	
Investment income received		578		247	
<b>Net cash outflow from capital expenditure and financial investment</b>			<b>(11,716)</b>		<b>(2,820)</b>
Impact of foreign currency translation			-		-
<b>Total net cash used in investing activities</b>			<b>(3,922)</b>		<b>(3,567)</b>
<b>Cash flow from financing activities</b>					
Interest and charges paid		(71)			-
<b>Net cash used in financing activities</b>			<b>(71)</b>		-
<b>Net decrease in cash and cash equivalents</b>	b		<b>(3,993)</b>		<b>(3,567)</b>
Cash and cash equivalents at the beginning of the year at 1 April 2016			<b>27,989</b>		31,507
Exchange gains on cash and cash equivalents	b		<b>133</b>		49
<b>Cash and cash equivalents at 31 March 2017</b>	c		<b>24,129</b>		27,989

## a) Reconciliation of net incoming resources before other recognised gains to net cash inflow from operating activities

	2017 £'000	Restated 2016 £'000
Net incoming resources before other recognised gains	<b>38,152</b>	7,193
Donation of net assets arising on acquisition	<b>(31,366)</b>	(9,430)
Pensions (FRS17) – adjustment to net incoming resources	<b>(2,788)</b>	633
Investment income received	<b>(578)</b>	(247)
Bank charges and interest paid	<b>71</b>	-
Depreciation and fixed asset write offs	<b>3,495</b>	2,184
Amortisation of goodwill	<b>133</b>	134
Net loss on write off / disposal of fixed assets	<b>79</b>	117
(Increase) / Decrease in stock	<b>(20)</b>	61
Decrease in debtors	<b>1,379</b>	238
(Decrease) in creditors	<b>(1,105)</b>	(1,789)
(Decrease) / Increase in deferred income	<b>(277)</b>	1
(Decrease) in provisions for liabilities and charges	<b>(260)</b>	(246)
<b>Net cash inflow / (outflow) from operating activities</b>	<b>6,915</b>	<b>(1,151)</b>

**b) Reconciliation of net cash flow to movement in net funds**

	2016	Exchange gain	Cash Flow	<b>2017</b>
	£'000	£'000	£'000	<b>£'000</b>
Cash held on behalf of third parties	78	-	11	<b>89</b>
Cash pledged as security for guarantee	250	-	-	<b>250</b>
Unrestricted cash at bank and in hand	27,661	133	(4,004)	<b>23,790</b>
<b>Total cash at bank and in hand</b>	15 27,989	133	(3,993)	<b>24,129</b>

<b>c) Cash and cash equivalents</b>	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	2016	<b>2017</b>	2016
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Cash and cash equivalents consists of:				
Cash at bank and in hand	<b>19,928</b>	8,989	<b>10,486</b>	6,365
Short term deposits	<b>4,201</b>	19,000	<b>4,201</b>	19,000
	<b>24,129</b>	27,989	<b>14,687</b>	25,365

## Principal accounting policies

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland

(FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounting in accordance with the Financial reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 and the Companies Act 2006.

A summary of the significant accounting policies, which have been applied on a consistent basis, is set out below

### Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets and fixed asset investments.

### Basis of consolidation

The consolidated financial statements include the activities of the Trust and its joint ventures and subsidiary undertakings (note 10) made up to 31 March 2017. Intra group transactions and profits are eliminated on consolidation. The results, assets and liabilities of the subsidiary undertakings are combined with those of the Trust in the results of the Group on a line by line basis.

Joint ventures are accounted for under the gross equity method of accounting. The reporting date for Shaw Education Trust is 31 August. The reporting dates for Integracja and Motivation Romania are 31 December. CDGWA and Forth Sector have reporting dates of 31 March. The reporting date for STAR is 31 July. STAR was incorporated on 29 March 2016 and will have an extended reporting period for the first year to 31 July 2017.

### FRS 102 Exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's Trustees.

The company has taken advantage of the following exemptions:

- (a) From preparing a company statement of cash flows, on the basis that it is a qualifying entity and the consolidated group statement of cash flows, included in these financial statements, includes the company cash flows
- (b) From preparing a company Statement of Financial Activities (SOFA), on the basis that it is a qualifying entity and the consolidated SOFA, included in these financial statements, includes the company SOFA
- (c) From disclosing the company key management personnel compensation as required by FRS 102 paragraph 33.7

## **Functional currency**

The group financial statements are presented in pound sterling and rounded to thousands. The company's functional and presentation currency is the pound sterling.

## **Critical accounting judgments and estimation uncertainty**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The main areas where critical accounting judgments are applied and where there is estimation uncertainty are:

- Provisions
- Intangible assets
- Deferred income

## **Incoming Resources**

All incoming resources are recognised in the Statement of Financial Activities when there is an entitlement to the funds, the receipt is probable and the amount can be measured reliably.

## **Deferred income**

Where income is received for a specific period and that period straddles the Trust's year end, the appropriate portion of income is carried forward to the following year.

## **Donations and other voluntary income**

All donations and other voluntary income are included in the Statement of Financial Activities and accounted for according to the date of receipt.

## **Sales and trading activities**

Income from the retail trading division (charity shops) and sales made as part of the Trust's other trading operations are

recognised on point of sale for both donated and purchased goods.

## **Donated services from volunteers:**

Donated services from our volunteers are not included within the financial statements.

The services of volunteers are critical to the Trust, particularly in relation to the operation of our retail shops. These ventures would not be able to continue without the support and time given by our network of volunteers.

## **Donated goods for resale**

The charity receives donated goods for resale in its network of charity shops which it recognises at point of sale as the Trustees consider it to be impractical to recognise such gifts on receipt due to the large number of small value items received.

## **Grants/fees**

All revenue grants and fees receivable principally from the Department of Work and Pensions, other government agencies and local authorities relating to the period are included in the Statement of Financial Activities. All grants that relate to specific capital expenditure are disclosed as income in the year in which they are receivable and disclosed as restricted funds.

## **Resources expended**

All expenditure is included on an accruals basis and is recognised when:

- There is a legal or constructive obligation to pay at the reporting date as a result of a past event
- It is more likely than not that a transfer of economic benefit, often cash, will be required in settlement
- When the amount of the obligation can be measured or estimated reliably.

Costs have been attributed to one of the functional categories of resources expended in the Statement of Financial Activities:

- (a) Costs of raising funds are costs incurred in seeking voluntary contributions; operating charity shops and investment management costs
- (b) Charitable activity expenditure relates to the costs of running and supporting the Trust's various charitable activities for furthering its charitable aims for the benefit of its beneficiaries
- (c) 'Other' relates to costs incurred that are neither related to raising funds nor part of the Trust's expenditure on its charitable activities

### **Apportionment of costs**

Costs have been allocated directly to a business heading wherever possible using relevant cost drivers for each support cost department. Support costs that have not been directly allocated to a business heading in this way have been attributed to a business heading based on the results of an activity based costing exercise undertaken for the organisation as a whole.

### **Operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term.

### **Irrecoverable VAT**

Any irrecoverable VAT is charged to the Statement of Financial Activities or capitalised as part of the cost of the related asset, where appropriate.

### **Tangible fixed assets and depreciation**

Tangible fixed assets, excluding freehold and long leasehold properties, are stated at cost less depreciation. Freehold and long leasehold properties, other than at Shaw Education Trust, are revalued every five years with an interim valuation if there has been material change.

Land and buildings transferred as part of the Academies programme to Shaw Education Trust are reflected within long leasehold fixed assets at the point of transfer. They are recorded at valuation at the point of transfer and are depreciated from that date.

Where freehold land and buildings are purchased for use by specific services, the difference between the cost and estimated residual value is depreciated on a straight-line basis over the service contract's life.

Revalued long leasehold properties are amortised over the remaining life of the lease. Short leasehold improvements and charity shop fixed assets are depreciated over a period up to the first break clause on individual leases, or over five years if sooner. Assets under construction are not depreciated until they are completed and brought into use.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual values, on a straight-line basis over their expected useful economic life as follows:

- Freehold buildings 2% (or over the lifetime of the contract if more appropriate)
- Long leasehold buildings 2% (or length of lease if shorter than 50 years)
- Fixtures and fittings 20% (or more if first break clause of lease is within five years)
- Equipment and vehicles 20%
- Computer equipment 25%
- Software 25% (or over the lifetime of the contract if more appropriate)

Assets costing less than £3,000 are not capitalised.

### **Intangible fixed assets**

During 2014/15 Shaw Trust acquired a



further 40% shareholding of CDGWA and the intangible fixed assets comprise goodwill arising on the purchase. In determining the period of amortisation, management considered the length of the current contract, the performance of the business and the likelihood of securing additional future business and concluded that four and-a-half years was a reasonable time over which to amortise the goodwill arising on this acquisition.

### **Available for sale investments**

Available for sale investments are investments held in listed companies, government and corporate bonds and other investments. These investments are stated at mid-price market value at the period-end.

Unrealised gains/(losses) are derived from the movement in market value during the year and are recorded in the Statement of Financial Activities.

### **Donated fixed assets**

All donated fixed assets are included in the financial statements at a reasonable estimate of their market value at the date of receipt.

### **Investments**

Investments are carried at 'fair value' and therefore stated at market value as at the balance sheet date. Changes in fair value are recognised in the income and expenditure section of the Statement of Financial Activities.

### **Cash at bank and in hand**

Cash at bank and in hand comprises cash held on deposit with qualifying institutions that is repayable on demand.

### **Current asset investments**

Current asset investments comprise cash held on term deposits with qualifying financial institutions.

## **Financial instruments**

The group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

**Financial Assets:** Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

**Financial liabilities:** Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 receipts discounted at a market rate of interest.

### **Stocks**

Stocks are valued at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

### **Designated funds**

Reserves which relate to fixed assets are held as designated funds.

### **Revaluation reserve**

The difference between the market value and the historic cost of revalued, unrestricted, fixed assets, including available for sale investments, is accounted for within the revaluation reserve, along with the difference between the market value and historical cost of fixed asset investments.

### **Unrestricted funds**

Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of

the Trustees in furtherance of the objectives of the Trust.

### **Restricted funds**

These are funds where the purpose for which they can be used has been specifically restricted by the donor, contractual agreement or the law. The amounts in the funds represent the monies still remaining for future expenditure or funds represented by fixed assets.

### **Provisions**

Provisions are recognised when the Trust has a legal or constructive financial obligation that can be reliably estimated and for which there is an expectation that payment will be made.

### **Pension costs**

The Trust operates insured defined contribution pensions for eligible employees. All applicable pension costs are charged in the Statement of Financial Activities as incurred. In addition to the core Shaw Trust defined contribution pension scheme, the Trust operates five defined benefit pension arrangements, which are detailed in note 24 to the Financial Statements.

All defined benefit schemes are valued every three years by a professionally qualified independent actuary, the rates of contribution payable being agreed by the actuary. In the intervening years the actuary reviews the continuing appropriateness of these rates.

The costs to the Trust of funding the schemes are accounted for in accordance with FRS 102. The contributions paid by the Trust to the defined contribution schemes are charged as resources expended in the year in which they are payable, in accordance with the rules on accounting for defined contribution pension schemes as set out in FRS 102.

### **Related party transactions**

The Shaw Trust Limited is the parent company within a group that prepares consolidated financial statements. The company has taken advantage of the exemption from disclosing transactions with group entities under the terms of FRS 102.

### **Foreign exchange transactions**

Foreign currency transactions are recorded at the spot rate at the transaction date.

### **Foreign currency translation**

The assets and liabilities of the Trust's joint ventures and subsidiaries are translated into sterling at the rates ruling at the balance sheet date. The revenue and expenses of those companies are translated into sterling at the average rate during the year and gains or losses arising on translation are dealt with through the Statement of Financial Activities.

### **Prior Year Restatement**

A prior period adjustment to the reported 2015-16 figures has been required.

This is because the actuaries for the Staffordshire Council Local Government Pension Scheme made an error in 2015-16 in the valuation of the pensions relating to new schools that had joined Shaw Education Trust in 2015-16.

The error amounted to a £3.419m which was comprised of a £3.353m error relating to the pension deficit taken on through transfer of the new schools in 2015-16 plus a £66k error on the Interest Expense on the scheme during 2015-16.

This has required adjustments to the prior year comparator balances on the Group's Statement of Finance Activities, Balance Sheet, Statement of cash flows and all associated notes.

# Notes to the financial statements

## 1. Total incoming resources / material funders

The total income of the Trust, including income derived from international joint ventures, comprises:

	Unrestricted funds £'000	Restricted funds £'000	<b>2017</b> <b>£'000</b>	Restated 2016 £'000
<b>Incoming resources from generated funds</b>				
Donation of net assets arising on mergers	-	31,366	<b>31,366</b>	9,430
Donations and Legacies	141	1,100	<b>1,241</b>	271
Other Trading Activities (Note 1a)	4,099	683	<b>4,782</b>	4,238
Investments	532	46	<b>578</b>	247
Other Income	63	-	<b>63</b>	156
<b>Incoming resources from generated funds</b>	<b>4,835</b>	<b>33,195</b>	<b>38,030</b>	<b>14,342</b>
<b>Incoming resources from charitable activities</b>				
<b>Contract delivery, social enterprises and other charitable activities</b>	<b>70,043</b>	<b>24,034</b>	<b>94,077</b>	<b>89,471</b>
Joint Ventures	-	2,682	<b>2,682</b>	2,194
<b>Incoming resources from charitable activities</b>	<b>70,043</b>	<b>26,716</b>	<b>96,759</b>	<b>91,665</b>
<b>Total</b>	<b>74,878</b>	<b>59,911</b>	<b>134,789</b>	<b>106,007</b>

The Trustees consider material funders to be those contributing over 10% of income.

The principal funders are The Department of Work and Pensions (DWP) from which a total of £56.1 million (2016: £66.5 million) was earned and the Department for Education from which a total of £16.7 million was earned (2016: £7.8 million).

The fair value of net assets acquired from business combinations are treated as a donation (see note 26).

Included within incoming resources from charitable activities is the following, received from The Big Lottery Fund in respect of six projects run by Shaw Trust

	<b>2017</b> <b>£'000</b>	2016 £'000
Life skills	-	15
Convergence Neath Port Talbot & Swansea	-	51
Competitiveness Vale Of Glamorgan & Cardiff	-	(11)
Talent Match Worcester	<b>226</b>	-
Building Better Opportunities – south London	<b>50</b>	-
Building Better Opportunities – north and east London	<b>50</b>	-
<b>Total</b>	<b>326</b>	<b>55</b>

The results of the Shaw Trust Limited, as required to be disclosed by paragraph 397 of the Charity SORP, are:

	<b>2017</b>	2016
	<b>£'000</b>	£'000
Total income	<b>72,073</b>	81,063
Net incoming resources	<b>(1,928)</b>	(1,521)

### **1a. Other trading activities**

	<b>2017</b>	2016
	<b>£'000</b>	£'000
	Analysis note	
Income from Charity Shops	3	4,074
Fundraising Activity	73	14
Other Trading	196	-
Subscriptions	150	150
	<b>4,782</b>	<b>4,238</b>

## 2. Analysis of total resources expended

	Activities undertaken directly	Support costs not directly allocated	<b>2017 Total</b>	2017 Unrestricted funds	2017 Restricted funds	Restated 2016
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Raising funds</b>						
Fundraising	8	-	<b>8</b>	8	-	-
Charity shops	4,811	-	<b>4,811</b>	4,811	-	3,886
Investment management fees	55	-	<b>55</b>	55	-	60
<b>Total cost of raising funds</b>	4,874	-	<b>4,874</b>	4,874	-	3,946
<b>Charitable activities</b>						
Contract delivery, social enterprises & other charitable activities	86,279	2,015	<b>88,294</b>	68,803	19,491	92,523
Usage of fundraising funds	787	-	<b>787</b>	-	787	151
<b>Total cost of charitable activities</b>	87,066	2,015	<b>89,081</b>	68,803	20,278	92,674
<b>Total resources expended</b>	91,940	2,015	<b>93,955</b>	73,677	20,278	96,620

Support costs not directly allocated as per the table above comprise the following:

	<b>2017</b>	2016
	£'000	£'000
<b>Support costs</b>		
Management	<b>1,052</b>	987
Corporate governance	<b>222</b>	325
Finance	<b>34</b>	102
Information technology	<b>565</b>	859
Human resources	<b>110</b>	241
Communications and marketing	<b>32</b>	73
<b>Support costs not directly allocated</b>	<b>2,015</b>	2,587

## 3. Charity shops

	<b>2017</b>	2016
	£'000	£'000
Turnover	<b>4,363</b>	4,074
Cost of sales	<b>(2,546)</b>	(2,173)
Gross profit	<b>1,817</b>	1,901
Administrative expenses	<b>(1,553)</b>	(1,405)
Depreciation	<b>(138)</b>	(117)
Net contribution	<b>126</b>	379
Bank charges	<b>(1)</b>	(2)
Allocated central support costs	<b>(573)</b>	(187)
<b>Net (deficit) / surplus for the year</b>	<b>(448)</b>	190

#### 4. Finance costs

	<b>2017</b>	Restated 2016
	<b>£'000</b>	£'000
Bank charges, interest and other finance costs	<b>71</b>	-
Net finance return on defined benefit pension scheme (note 24)	<b>356</b>	238
<b>Total</b>	<b>427</b>	238

#### 5. Net incoming resources

	<b>2017</b>	2016
	<b>£'000</b>	£'000
The net incoming resources are stated after charging:		
Depreciation charge for the year on tangible owned assets	<b>2,552</b>	2,330
Amortisation charge for the year on intangible owned assets	<b>1,076</b>	134
Auditors' remuneration: audit services		
– Parent Company and consolidated financial services	<b>66</b>	52
– Audit of the company's subsidiaries	<b>6</b>	31
Auditors' remuneration: other services		
– services relating to taxation	<b>17</b>	57
– all other services	<b>10</b>	-
Operating leases:		
– others	<b>608</b>	790
– property	<b>3,218</b>	3,750
Net loss on write off / disposal of tangible fixed assets	<b>-</b>	117

#### 6. Employees

The average monthly number of persons employed by the group during the year was:

	<b>2017</b>		2016	
	<b>Full Time Equivalent Number</b>	<b>Total Number</b>	Full Time Equivalent Number	Total Number
Charitable purposes	<b>1,371</b>	<b>1,704</b>	1,250	1,495
Retail	<b>88</b>	<b>110</b>	88	102
<b>Total</b>	<b>1,459</b>	<b>1,814</b>	1,338	1,597

## 6. Employees (continued)

Employee costs for the above persons during the year were:

	<b>2017</b>	2016
	<b>£'000</b>	£'000
Wages and salaries	<b>37,658</b>	29,157
Social security costs	<b>3,293</b>	2,454
Other pension costs	<b>2,918</b>	835
<b>Total</b>	<b>43,869</b>	32,446

The total emoluments of employees earning more than £60,000 fall within the following bandings:

	<b>2017</b>	2016	<b>2017</b>	2016
	<b>Total</b>	Total	<b>Total</b>	Total
	<b>Emoluments</b>	Emoluments	<b>Emoluments</b>	Emoluments
			<b>excl.</b>	excl.
			<b>severance</b>	severance
			<b>payments</b>	payments
	<b>Number</b>	Number	<b>Number</b>	Number
£60,001 – £70,000	<b>25</b>	23	<b>25</b>	23
£70,001 – £80,000	<b>17</b>	7	<b>16</b>	7
£80,001 – £90,000	<b>3</b>	5	<b>2</b>	5
£90,001 – £100,000	<b>3</b>	3	<b>3</b>	3
£100,001 – £110,000	<b>3</b>	3	<b>3</b>	1
£110,001 – £120,000	<b>-</b>	2	<b>-</b>	2
£120,001 – £130,000	<b>-</b>	1	<b>-</b>	1
£130,000 – £140,000	<b>2</b>	-	<b>1</b>	-
£140,001 – £150,000	<b>2</b>	2	<b>-</b>	2
£150,001 – £160,000	<b>-</b>	-	<b>-</b>	-
£170,001 – £180,000	<b>1</b>	-	<b>1</b>	-
	<b>56</b>	46	<b>51</b>	44

The 2015-16 bandings for staff earning more than £60k per annum have been re-stated to include staff employed by SET and CDG-WA which were excluded in 2015-16, to ensure comparability with the 2016-17 figures.

The increase from 46 staff earning more than £60k per annum across the Group in 2015-16 to 56 staff in 2016-17 is substantially due to the conversion of three new schools into SET during 2016-17.

The total pension contributions in respect of the above staff, all of which were made to defined contribution schemes, were £117,977 (2016: £141,173).

Total emoluments of employees include, where applicable, salary, bonuses, benefits-in-kind, car allowance, payments in lieu of notice and redundancy. The total payments in lieu of notice and redundancy made to those employees who earned more than £60,000 during the year was £319,677 (2016: £125,348).

## 7. Trustees' and senior executives' remuneration

- (a) During 2017 and 2016, no Trustee received any emoluments from the Trust. Incidental travelling costs of £15,294 (2016: £8,037) were reimbursed to, or paid on behalf of 11 (2016: 8) Trustees by the Trust.
- (b) The 'directorships' outlined on page 13 of these financial statements in respect of senior executives are nominal titles and accordingly no disclosure of 'directors' emoluments are included in these financial statements.
- (c) Included within the support costs is the amount of £10,500 (2016: £10,500) in respect of indemnity insurance which protects the Trust, up to an agreed limit, against loss arising from defaults of or neglect by its Trustees and officers.

## 8. Intangible Assets

Group	Goodwill £'000	Computer software £'000	Total £'000
<b>Cost</b>			
At 1 April 2016	600	6,351	6,951
Additions	-	1,023	1,023
Transfers	-	966	966
<b>At 31 March 2017</b>	<b>600</b>	<b>8,340</b>	<b>8,940</b>
<b>Accumulated Amortisation</b>			
At 1 April 2016	(178)	(5,283)	(5,461)
Transfers	-	-	-
Charge for the year	(133)	(943)	(1,076)
<b>At 31 March 2017</b>	<b>(311)</b>	<b>(6,226)</b>	<b>(6,537)</b>
<b>Net book value</b>			
<b>At 31 March 2017</b>	<b>289</b>	<b>2,114</b>	<b>2,403</b>
At 1 April 2016	422	1,068	1,490



## 8. Intangible Assets (continued)

<b>Company</b>	Computer software £'000	Total £'000
<b>Cost</b>		
At 1 April 2016	6,351	6,351
Additions	1,003	1,003
Transfers	966	966
<b>At 31 March 2017</b>	<b>8,320</b>	<b>8,320</b>
<b>Accumulated Amortisation</b>		
At 1 April 2016	(5,290)	(5,290)
Charge for the year	(932)	(932)
<b>At 31 March 2017</b>	<b>(6,222)</b>	<b>(6,222)</b>
<b>Net book value</b>		
<b>At 31 March 2017</b>	<b>2,098</b>	<b>2,098</b>
At 1 April 2016	1,061	1,061

The intangible assets brought forward comprise goodwill arising on the acquisition of the majority interest in CDG-WISE Ability Limited.

Amortisation will occur in line with Shaw Trust accounting policies, commencing on the date of acquisition.

## 9. Tangible Assets

<b>Group</b>	Freehold land and buildings £'000	Long leasehold property £'000	Assets under construction £'000	Equipment and vehicles £'000	Fixtures and fittings £'000	Total £'000
<b>Cost or valuation</b>						
At 1 April 2016	440	47,184	2,165	1,758	7,104	58,651
Additions	-	(320)	-	42	1,029	751
Transfers	1,635	37,502	(2,165)	1,337	1,305	39,614
Revaluation	-	3,402	-	-	-	3,402
Write offs	-	(2,415)	-	(556)	(728)	(3,699)
<b>At 31 March 2017</b>	<b>2,075</b>	<b>85,353</b>	<b>-</b>	<b>2,581</b>	<b>8,710</b>	<b>98,719</b>
<b>Accumulated depreciation</b>						
At 1 April 2016	(66)	(4,298)	-	(1,583)	(5,833)	(11,780)
Transfers	(168)	-	-	(103)	(135)	(406)
Charge for the year	(611)	(618)	-	(129)	(1,194)	(2,552)
Write offs	-	2,351	-	551	719	3,621
<b>At 31 March 2017</b>	<b>(845)</b>	<b>(2,565)</b>	<b>-</b>	<b>(1,264)</b>	<b>(6,443)</b>	<b>(11,117)</b>
<b>Net book value</b>						
<b>At 31 March 2017</b>	<b>1,230</b>	<b>82,788</b>	<b>-</b>	<b>1,317</b>	<b>2,267</b>	<b>87,602</b>
At 31 March 2016	374	42,886	2,165	175	1,271	46,871

## Tangible Assets

<b>Company</b>	Freehold land and buildings £'000	Long leasehold property £'000	Assets under construction £'000	Equipment and vehicles £'000	Fixtures and fittings £'000	Total £'000
<b>Cost or valuation</b>						
At 1 April 2016	440	6,402	2,165	1,746	7,104	17,857
Additions	-	70	-	22	1,004	1,096
Transfers	-	-	(2,165)	73	1,126	(966)
Write offs	-	(2,415)	-	(556)	(728)	(3,699)
<b>At 31 March 2017</b>	<b>440</b>	<b>4,057</b>	<b>-</b>	<b>1,285</b>	<b>8,506</b>	<b>14,288</b>
<b>Accumulated depreciation</b>						
At 1 April 2016	(66)	(4,127)	-	(1,579)	(5,825)	(11,597)
Charge for the year	(19)	(194)	-	(120)	(1,197)	(1,530)
Write offs	-	2,351	-	551	719	3,621
<b>At 31 March 2017</b>	<b>(85)</b>	<b>(1,970)</b>	<b>-</b>	<b>(1,148)</b>	<b>(6,303)</b>	<b>(9,506)</b>
<b>Net book value</b>						
<b>At 31 March 2017</b>	<b>355</b>	<b>2,087</b>	<b>-</b>	<b>137</b>	<b>2,203</b>	<b>4,782</b>
At 31 March 2016	374	2,275	2,165	167	1,279	6,260

## 9. Tangible assets (continued)

Land and buildings transferred to Shaw Education Trust (SET) as part of the Academies programme are reflected within long leasehold fixed assets at the point of transfer. The land and buildings transferred as part of the Academies programme are subject to the provisions of the individual academy funding agreements and the master funding agreement.

These provisions include preventing the company from selling the land and buildings. Upon termination of a funding agreement, whether as a result of the Secretary of State for Education or the SET serving notice, the assets relating to that agreement will return to the Secretary of State.

The value of the land and buildings to which these conditions apply is £80,111,000

The value of the transferred assets has been recognised in the Statement of Financial Activities as Net assets taken on with mergers and transfers.

The net book value of company and group tangible assets includes an amount of £674,163 (2016: £698,796 ) in respect of assets principally financed by capital grants through The Big Lottery Fund and the European Regional Development Fund.

In addition, the net book value of group tangible assets also includes an amount of £945,916 in respect of assets principally financed by capital grants through The Big Lottery Fund.

The following fixed assets, included in freehold land and buildings and in long leasehold property, have been revalued in the year:

- Three schools transferred to Shaw Education Trust during 2016-17. The land and building and leasehold properties of these schools were revalued as at 31 March 2017 to open market value by independent valuers
- The Palmer Gardens site was revalued on 31 March 2015 by independent qualified valuers, Gilbert Evans Chartered Surveyors. The open market value at that date was estimated at £625,000
- The building in Lowestoft was revalued on 31 March 2015 by independent qualified valuers, TSP, Commercial Property Services. The open market value at that date was estimated at £235,000.
- The building in Bootle was revalued on 31 March 2015 by independent qualified valuers, TSP, Commercial Property Services. The open market value at that date was estimated at £205,000

The above valuations were made in accordance with the RICS Appraisal and Valuation Manual.

Revaluation adjustments required arising from those valuations have been taken to the revaluation reserve (see note 18).

If the revalued freehold land and buildings and long leasehold assets were stated on the historical cost basis, the amounts would be:

	Group and company
	£'000
At cost	3,337
Accumulated depreciation	(1,296)
<b>Net book value based on historical cost</b>	<b>2,041</b>

## 10. Associated undertaking investments

Company interests in group undertakings

	<b>2017</b>
	<b>£'000</b>
At 1 April 2016	600
<b>At 31 March 2017</b>	<b>600</b>
<b>Amortisation</b>	
At 1 April 2016	(134)
Charge for the year	(177)
<b>At 31 March 2017</b>	<b>(311)</b>
<b>Net book value</b>	
<b>At 31 March 2017</b>	<b>289</b>
At 31 March 2016	466

On 28 November 2014 the Trust acquired a further 40% of the shares in CDG – WISE Ability Limited for £600,000, taking the Trust's shareholding to 90%.

The investment is being amortised over a period of four and a half years.

The Trust has the following wholly owned subsidiaries and joint ventures.

All subsidiaries, other than those that are dormant, are included in the consolidated financial statements.

Name of subsidiary	Company number	Country of incorporation	Percentage of control	Nature of business
Shaw Trust International Partnerships Limited	5859747	England and Wales	100%	Dormant
Disabled Living Foundation	1837993	England and Wales	100%	Dormant
Careers Development Group	1647371	England and Wales	100%	Dormant
Shaw Trust Services Limited	3176328	England and Wales	100%	Dormant
Shaw Trust Enterprises Limited	2521307	England and Wales	100%	Dormant
Shaw Southern Australia Limited	ABN 41 075 242 027	Australia	100%	Dormant
Forth Sector	SC016414	Scotland	100%	Charity
Forth Sector Development Limited	SC372526	Scotland	100%	Limited Company
CDG-WISE Ability Limited	7033535	England and Wales	90%	Charity
Shaw Education Trust	9067175	England and Wales	100%	Charity

The registered address for all of the above subsidiaries (with the exception of Shaw Education Trust and Forth Sector) is Third Floor, 10 Victoria Street, Bristol BS1 6BN

The registered address for Shaw Education Trust is The Lodge, Wolstanton High, Milehouse Lane, Newcastle under Lyme, Staffs ST5 9JU

The registered address for Forth Sector is Duddingston Yards, Edinburgh EH15 3NT

## 10. Associated undertaking investments (continued)

Name of joint venture	Company number	Country of incorporation	Percentage of control	Nature of business
The Integracja Foundation	KRS: 0000144578	Poland	50%	Charity
Motivation Romania Foundation	Fiscal Registration Code (CIF): 7081193 Register of Associations and Foundations: 36/2003	Romania	50%	Charity
STAR Skills Limited (STAR)	10086962	England and Wales	50%	Private Limited Company

The registered address for The Integracja Foundation is ul. Andersa 13, 00-159 Warszawa, Poland.

The registered address for Motivation Romania Foundation is Str. Podisor nr.1, Buda, Com. Cornetu, Ilfov County, Romania.

The registered address for STAR is Halford House, 2nd Floor, Coval Lane, Chelmsford, Essex, England CM1 1TD.

	Motivation Romania Foundation		Integracja Foundation		STAR	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Shaw Trust share of:						
Total assets	<b>1,379</b>	1,609	<b>112</b>	118	<b>128</b>	-
Total liabilities	<b>(494)</b>	(761)	<b>(31)</b>	(52)	<b>(142)</b>	-
Gross incoming resources	<b>2,348</b>	1,963	<b>243</b>	231	<b>91</b>	-
Net surplus of income over expenditure	<b>(29)</b>	172	<b>8</b>	13	<b>(15)</b>	-

The investments in the joint ventures are stated at the net of the group's interest in the gross assets and gross liabilities of the joint ventures.

Both Motivation Romania Foundation and The Integracja Foundation, prepare their annual financial statements to 31 December each year, and STAR will make up its first financial statements to 31 July 2017.

For the purposes of accounting for the joint venture in the Trust's group financial statements, the group adjusted the audited annual statements for the transactions recognised in the unaudited management accounts for the joint venture companies for the three months ended 31 March 2017 and 2016.

## 11. Available for sale investments

As a part of the Trust's investment policy, a portion of funds available for investment is held in a broad range of UK and overseas listed equities, Government and corporate bonds and alternative investments, in order to generate capital growth without exposure to undue risk. These funds are held for the medium-term and there are no currently identified calls on these funds. As a result, and in accordance with accounting guidance, these investments are classified as fixed assets.

At the balance sheet date, these investments are held in the following classes:

<b>Group and company</b>	<b>2017</b>	2016
	<b>£'000</b>	£'000
Investments listed on a UK recognised stock exchange, or valued by reference to one	<b>6,134</b>	5,932
Investments listed on a non-UK recognised stock exchange, or valued by reference to one	<b>7,070</b>	4,485
UK government and corporate bonds	<b>4,319</b>	2,208
Other investments (including those transferred from DLF)	<b>6,341</b>	3,889
Cash and settlements pending	<b>6,523</b>	666
<b>At 31 March 2017</b>	<b>30,387</b>	17,180

No individual investment represents more than 5% of the total market value of investments held by the charity.

The movement on the value of the investments during the year is as follows:

	<b>2017</b>	2016
	<b>£'000</b>	£'000
At 1 April 2016	<b>17,180</b>	17,743
Additions to investments at cost	<b>13,446</b>	1,910
Disposals at carrying value	<b>(2,925)</b>	(1,760)
Net gain / (loss) on revaluation	<b>2,686</b>	(713)
<b>At 31 March 2017</b>	<b>30,387</b>	17,180

The cost of investments is £26,147,918 (2016: £14,003,000).

## 12. Palmer Gardens

The Shaw Trust Limited is the corporate Trustee of Palmer Gardens, which is a charitable trust, first registered as a charity on 25 March 1977 under number 273092. Under a Scheme dated 21 August 2008 a uniting direction was passed combining The Shaw Trust Limited and Palmer Gardens for accounting purposes. Consequently, the trading results, assets and liabilities of Palmer Gardens are accounted for within the restricted funds of The Shaw Trust Limited. The financial results of Palmer Gardens are shown below.

As at 31 March 2017, Palmer Gardens has a revenue fund of £Nil (2016: £Nil) and a capital fund of £617,000 (2016: £648,000). The income and expenditure account for the revenue fund is below:

<b>Revenue Fund</b>	<b>2017</b>	2016
	<b>£'000</b>	£'000
Turnover	<b>683</b>	680
Cost of sales	<b>(393)</b>	(313)
Gross Profit	<b>290</b>	367
Selling and distribution	<b>(320)</b>	(288)
Administration	<b>(57)</b>	(37)
Finance	<b>-</b>	-
Operating surplus	<b>(87)</b>	42
Support costs	<b>(86)</b>	(96)
Depreciation	<b>(15)</b>	(27)
Net deficit	<b>(188)</b>	(81)
Palmer Gardens Revenue Fund brought forward	<b>-</b>	-
Transfer from capital fund	<b>15</b>	27
Donation from Shaw Trust to Palmer Gardens	<b>173</b>	54
Balance of restricted revenue reserve (see note 19)	<b>-</b>	-

The assets and liabilities for the capital fund are set out below:

<b>Capital Fund</b>	<b>2017</b>	2016
	<b>£'000</b>	£'000
Fixed assets		
Palmer Gardens	<b>617</b>	648
Analysis of net assets:		
Current assets – stock	<b>166</b>	197
Current liabilities – creditors Shaw Trust	<b>(166)</b>	(197)
Net current assets	<b>-</b>	-
Total assets less current liabilities	<b>617</b>	648
Funds		
Restricted capital funds	<b>617</b>	648
Total (see note 19)	<b>617</b>	648

### 13. Stocks

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Finished goods				
Plants, shrubs and nursery	194	237	194	237
Shop stock	96	75	96	75
Other	93	51	52	51
Total	383	363	342	363

### 14. Debtors

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	1,843	3,694	1,897	2,841
Amounts due from group undertakings	-	400	-	400
Other debtors	552	828	421	520
Prepayments and accrued income	4,757	3,335	3,882	3,322
Total	7,152	8,257	6,200	7,083

### 15. Cash at bank and in hand

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Cash at bank and in hand	19,839	8,911	9,014	6,287
Cash held on behalf of third parties (note 16)	89	78	1,472	78
Total	19,928	8,989	10,486	6,365

Cash at bank and in hand includes £250,000 that has been pledged as security against a guarantee provided by the Trust's bankers to Doncaster Borough Council in respect of the Trust's obligations to the South Yorkshire Pension Scheme.

The Trustees consider that cash held on behalf of third parties should be disclosed within the cash at hand and at bank to show the total amount of monies received under contracts with funders that are managed by Shaw Trust on behalf of clients

There is £1.383m of cash held by Shaw Trust Company on behalf of Shaw Southern Australia Limited which is disclosed in the company accounts as cash held on behalf of third parties.



## 16. Creditors: amounts falling due within one year

	<b>2017</b>	Group	<b>2017</b>	Company
	<b>£'000</b>	2016	<b>£'000</b>	2016
		£'000		£'000
Amounts falling due within one year:				
Trade creditors	<b>2,600</b>	2,251	<b>581</b>	670
Taxation and social security	<b>2,730</b>	2,486	<b>1,259</b>	2,238
Other creditors	<b>94</b>	957	<b>94</b>	371
Accruals	<b>9,369</b>	9,289	<b>9,086</b>	11,040
Non controlling interest	<b>42</b>	50	-	-
Monies held on behalf of third parties	<b>89</b>	78	<b>1,472</b>	78
Deferred income (see below)	<b>201</b>	479	<b>201</b>	479
Total	<b>15,125</b>	15,590	<b>12,693</b>	14,876

### Deferred Income

<b>Group</b>	<b>2017</b>	2016
	<b>£'000</b>	£'000
At 1 April 2016	<b>479</b>	477
Amount released in year	<b>(1,048)</b>	(477)
Amount received in year	<b>770</b>	479
Movement in the year	<b>(278)</b>	2
At 31 March 2017	<b>201</b>	479

<b>Company</b>	<b>2017</b>	2016
	<b>£'000</b>	£'000
At 1 April 2016	<b>479</b>	477
Amount released in year	<b>(1,048)</b>	(477)
Amount received in year	<b>770</b>	479
Movement in the year	<b>(278)</b>	2
At 31 March 2017	<b>201</b>	479

The majority of deferred income relates to where contractual income has been received in advance and where there are contractual obligations to be fulfilled before the income can be recognised.

## 16b. Creditors: amounts falling due after one year

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Amounts falling due after one year:				
Loans and Borrowings	<b>1,371</b>	-	-	-
Total	<b>1,371</b>	-	-	-

## 17. Provision for liabilities and charges

Group	Dilapidations £'000	Contract Risk £'000	Total £'000
At 1 April 2016	1,587	2,200	<b>3,787</b>
Utilised during the year	(618)	-	<b>(618)</b>
Created during the year	258	100	<b>358</b>
<b>At 31 March 2017</b>	<b>1,227</b>	<b>2,300</b>	<b>3,527</b>

Company	Dilapidations £'000	Contract Risk £'000	Total £'000
At 1 April 2016	1,587	2,200	<b>3,787</b>
Utilised during the year	(618)	-	<b>(618)</b>
Created during the year	258	100	<b>358</b>
<b>At 31 March 2017</b>	<b>1,227</b>	<b>2,300</b>	<b>3,527</b>

The dilapidations provision relates to the costs that the Trust will incur in reinstating its leased properties to original condition, accrued over the length of the lease.

The contract risk provision relates to work undertaken to enhance procedures and compliance within the Trust's historical contracts and as a result the Trustees have made a contract risk provision to cover possible rectification costs that might arise from short-comings in the record keeping on those contracts.

## 18. Unrestricted funds

Group	Movement in funds				Balance at 31 March 2017 £'000
	Balance at 1 April 2016 £'000	Incoming £'000	(Outgoing) £'000	Transfer £'000	
Designated funds:					
Fixed assets fund	3,257	1,026	(2,503)	1,494	<b>3,274</b>
Total designated funds	3,257	1,026	(2,503)	1,494	<b>3,274</b>
Revaluation reserve	2,506	-	(1,061)	-	<b>1,445</b>
General funds	29,390	71,169	(64,746)	(1,250)	<b>34,563</b>
Total unrestricted funds before pension surplus / (deficit) and investment losses	35,153	72,195	(68,310)	244	<b>39,282</b>
Pension (deficit) / surplus	(47)	-	142	-	<b>95</b>
<b>Total unrestricted funds</b>	<b>35,106</b>	<b>72,195</b>	<b>(68,168)</b>	<b>244</b>	<b>39,377</b>

Company	Movement in Funds				Balance at 31 March 2017 £'000
	Balance at 1 April 2016 £'000	Incoming £'000	(Outgoing) £'000	Transfer £'000	
Designated funds:					
Fixed assets fund	3,052	1,026	(2,503)	1,494	<b>3,069</b>
Total designated funds	3,052	1,026	(2,503)	1,494	<b>3,069</b>
Revaluation reserve	2,506	-	(1,061)	-	<b>1,445</b>
General funds	29,097	71,721	(66,070)	(1,250)	<b>33,498</b>
Total unrestricted funds before pension surplus / (deficit) and investment losses	34,655	72,747	(69,634)	244	<b>38,012</b>
Pension (deficit) / surplus	(47)	-	142	-	<b>95</b>
<b>Total unrestricted funds</b>	<b>34,608</b>	<b>72,747</b>	<b>(69,492)</b>	<b>244</b>	<b>38,107</b>

The designated fund represents the Trust's fixed assets which are not subject to restriction.

The revaluation reserve arises from revaluations of freehold property in previous years, as set out in Note 9, and the marking to market of fixed asset investments. The movement in the current year relates solely to net gains arising from the marking to market of fixed asset investments.

The pension surplus arises from a defined benefit scheme, as set out in Note 24.

The pensions deficits associated with the Staffordshire Council (LGPS), West Midland Pension Fund and Greater Manchester Pension Fund are all held within Restricted Funds as they pertain to SET.

The transfers comprise transfers to restricted reserves as shown in Note 19.

## 19. Restricted Reserves

Group and Company	Balance 2016	Movement in funds			Transfers	<b>Balance 2017</b>
		Incoming	(Outgoing)	Impact of foreign currency translations		
	£'000	£'000	£'000	£'000	£'000	<b>£'000</b>
<b>The Big Lottery Fund</b>						
Art Works	1	-	-	-	-	<b>1</b>
Worcester Talent Match	-	226	(226)	-	-	-
Addaction	16	-	(16)	-	-	-
DIG for Dinner	37	-	-	-	-	<b>37</b>
<b>Sub-total The Big Lottery Fund</b>	<b>54</b>	<b>226</b>	<b>(242)</b>	-	-	<b>38</b>
Doncaster Borough Council (guarantee)	250	-	-	-	-	<b>250</b>
Palmer Gardens Fund (capital)	648	-	(31)	-	-	<b>617</b>
Palmer Gardens Fund (revenue)	-	683	(856)	-	173	-
Employment Action Centre (capital)	692	-	(18)	-	-	<b>674</b>
Disability Action Centre (capital)	530	-	(13)	-	-	<b>517</b>
Disability Action Centre (revenue)	3	-	-	-	-	<b>3</b>
Shaw Trust Clamp Hill	6	-	(1)	-	-	<b>5</b>
Shaw Trust Horticulture Salisbury	-	-	-	-	-	-
DLF	2,267	1,100	(512)	-	(417)	<b>2,438</b>
Other	10	2	(1)	-	-	<b>11</b>
<b>Total company</b>	<b>4,460</b>	<b>2,011</b>	<b>(1,674)</b>	-	<b>(244)</b>	<b>4,553</b>
Shaw Education Trust	34,374	55,172	(21,278)	-	-	<b>68,268</b>
Shaw Southern Australia Limited	1,221	46	-	118	-	<b>1,385</b>
STAR	-	91	(106)	-	-	<b>(15)</b>
The Integracja Foundation	66	243	(235)	8	-	<b>82</b>
Motivation Romania Foundation	847	2,348	(2,377)	67	-	<b>885</b>
<b>Total group</b>	<b>40,968</b>	<b>59,911</b>	<b>(25,670)</b>	<b>193</b>	<b>(244)</b>	<b>75,158</b>

## **19. Restricted Reserves (continued)**

Monies received in year from The Big Lottery Fund for Worcester Talent Match and Addaction totalling £226,000 (2016: £94,000)

DLF restricted reserves were acquired on merger in November 2014 and are to be utilised for DLF related activity only

Worcester Talent Match is a scheme designed to help local young people who have been unemployed or out of education for at least 12 months with the aim of helping those aged 18-24 who are having difficulty finding career opportunities.

Addaction support adults, children, young adults and older people with mental health and wellbeing, alcohol or drug issues to make positive behavioural changes to help people improve their lives.

The DIG for Dinner project aims to establish a sustainable community food growing initiative in a deprived area of County Durham by teaching people how to grow their own food, to produce food locally and to contribute to local food networks. The project provides practical and purposeful activities for people with learning disabilities and mental ill health as well as volunteering opportunities for local people, school children and community groups. Funding has also been received from Rothley Trust and Hadrian Trust.

The £250k for the Doncaster Borough Council guarantee relates to a security that has been pledged as a guarantee provided by the Trust's bankers to Doncaster Borough Council in respect of the Trust's obligations to the South Yorkshire Pension Scheme.

The Employment Action Centre provides, within a multi-functional resource centre, a holistic approach to the employment needs of people living in Middlesbrough who are disabled and disadvantaged. The fund relates to the construction of the centre which was carried out with contributions from Big Lottery Fund, European Regional Development Fund, Middlesbrough Council and the West Middlesbrough Neighbourhood Trust.

The Disability Action Centre is a highly innovative, multi-function centre, which integrates independent living services with training, employment, and disability consultancy services. The fund relates to the construction of the centre.

Shaw Trust Clap Hill received donations to contribute towards client activities.

Shaw Trust Horticulture Salisbury benefitted from a community fundraising appeal 'Sow a Seed of Change' which helped the service to expand its range of client activities and for vital repairs at the training centre.

Palmer Gardens is a vocational training centre and the restricted capital fund comprises £617,000 (2016: £648,000) of re-valued tangible fixed assets relating to the construction of the original training centre and later expansion of the facilities. Palmer Gardens also has a restricted revenue fund of £Nil for 2017 (2016: Nil). During the year there were donations from Shaw Trust's unrestricted reserves to Palmer Gardens of £173,000 (2016: £54,000) to cover the purchase of fixed assets and the deficit in revenue running costs (see note 12).

The funds received by Shaw Education Trust from the Department of Education can only be used to run the organisation and the academies that form part of Shaw Education Trust.

The funds held by Interwork Limited, The Integracja Foundation and Motivation Romania Foundation are treated as restricted funds because those funds can only be used for charitable purposes in those countries.

## 20. Analysis of net assets between funds

Group	Designated £'000	Unrestricted (including pension deficit) £'000	Restricted £'000	<b>Total funds 2017 £'000</b>	Total funds 2016 £'000
<b>Fund balances at 31 March are represented by:</b>					
Intangible fixed assets	-	2,385	18	<b>2,403</b>	1,490
Tangible fixed assets	3,274	2,371	81,957	<b>87,602</b>	46,871
Share of net assets of joint ventures	-	-	952	<b>952</b>	914
Available for sale investments	-	30,387	-	<b>30,387</b>	17,180
Current assets	-	17,178	14,486	<b>31,664</b>	36,609
Current liabilities	-	(11,457)	(3,668)	<b>(15,125)</b>	(15,590)
Long term liabilities	-	(1,371)	-	<b>(1,371)</b>	-
Provisions for liabilities and charges	-	(3,527)	-	<b>(3,527)</b>	(3,787)
Pension deficit	-	95	(18,587)	<b>(18,492)</b>	(7,663)
<b>Total net assets at 31 March 2017</b>	<b>3,274</b>	<b>36,061</b>	<b>75,158</b>	<b>114,493</b>	
Total net assets at 31 March 2016	3,257	31,799	40,968		76,024

Included within designated funds and restricted funds are revaluations of £255,000 (2016: £255,000) and £3,402,000 (2016: £Nil) respectively. The £3.4 million revaluation in restricted reserves relates to the revaluations of properties on conversion to SET.

See Notes 18 and 19 for additional details.

Company	Designated £'000	Unrestricted (including pension deficit) £'000	Restricted £'000	<b>Total funds 2017 £'000</b>	Total funds 2016 £'000
<b>Fund balances at 31 March are represented by:</b>					
Intangible fixed assets		2,098		<b>2,098</b>	1,061
Tangible fixed assets	3,069	(96)	1,809	<b>4,782</b>	6,260
Available for sale investments		30,387		<b>30,387</b>	17,180
Current assets		18,485	2,744	<b>21,229</b>	32,811
Current liabilities		(12,693)		<b>(12,693)</b>	(14,876)
Investment in Joint Ventures	-	289	-	<b>289</b>	466
Provisions for liabilities and charges		(3,527)		<b>(3,527)</b>	(3,787)
Pension deficit		95		<b>95</b>	(47)
<b>Total net assets at 31 March 2017</b>	<b>3,069</b>	<b>35,038</b>	<b>4,553</b>	<b>42,660</b>	
Total net assets at 31 March 2016	3,052	31,556	4,460		39,068

## 21. Taxation

The Trust has no liability to corporation tax as it satisfies the criteria for its income and gains to be exempt from corporation tax/corporate taxation. There is no similar exemption for VAT.

## 22. Financial commitments

At 31 March 2017 the group and company had minimum commitments under non-cancellable operating leases which expire as follows:

Group	Property		Other	
	2017	Restated 2016	2017	Restated 2016
	£'000	£'000	£'000	£'000
Within one year	2,083	2,558	17	41
Between one and five years	4,649	6,347	9	4
After five years	3,878	768	-	-
<b>Total</b>	<b>10,610</b>	<b>9,673</b>	<b>26</b>	<b>45</b>

Company	Property		Other	
	2017	Restated 2016	2017	Restated 2016
	£'000	£'000	£'000	£'000
Within one year	2,083	2,558	17	41
Between one and five years	4,649	6,347	9	4
After five years	3,878	768	-	-
<b>Total</b>	<b>10,610</b>	<b>9,673</b>	<b>26</b>	<b>45</b>

Other operating leases relate to motor vehicles and office equipment.

The Trust has made payments on its lease obligations of £2.599m during 2016-17 (2015-16: £3.619m).

The 2015-16 figures have been re-stated to be consistent with the methodology employed for the 2016-17 accounts.

## 23. Capital commitments

As at 31 March 2017 the Trust had capital commitments relating to a signed agreement with BT for the provision of Information Technology services in the form of a managed service agreement. The capital cost of this will be £0.1m payable during the year ended 31 March 2018 (2016: £1.7m disclosed capital commitments pertaining to the same contract).

## 24. Pension commitments

The Trust makes payments to the South Yorkshire Pension Scheme, the Platinum multi-employer passported scheme and participates in three local government pension schemes (LGPS) operated by Staffordshire Council, the West Midland Pension Fund and Greater Manchester Pension Fund. Those schemes are in respect of certain employees to whom The Transfer of Undertakings (Protection of Employment) Regulations (TUPE) applied. The schemes are defined benefit schemes and the assets are held in a separately administered funds. The schemes are multi-employer schemes but it is possible to identify the Trust's share of the Schemes' assets and liabilities and these are separately disclosed below.

A prior period adjustment to the reported 2015-16 figures has been required. This is because the actuaries for the Staffordshire Council Local Government Pension Scheme made an error in 2015-16 in the valuation of the pensions relating to new schools that had joined Shaw Education Trust in 2015-16. The error amounted to a £3.419m which was comprised of a £3.353m error relating to the pension deficit taken on through transfer of the new schools in 2015-16 plus a £66k error on the Interest Expense on the scheme during 2015-16. This has required adjustments to the prior year comparator balances on the Group's Statement of Finance Activities, Balance Sheet, Statement of cash flows and all associated notes.

## 24. Pension commitments (continued)

### South Yorkshire Pension Scheme

An actuarial valuation of the South Yorkshire Pension Scheme using the projected unit method was carried out in March 2013 by Mercer Human Resource Consulting, consulting actuaries. The major assumptions used by the actuary for the last two years are:

	<b>2017</b>	2016
Expected rate of salary increases	<b>3.55%</b>	3.75%
Expected rate of increase of pensions in payments	<b>2.3%</b>	2.0%
Rate of inflation	<b>2.3%</b>	2.0%
Discount rate	<b>2.5%</b>	3.2%

The mortality assumptions used were as follows:

Longevity at age 65 for current pensioners		
– Men	<b>88.0</b>	88.0
– Women	<b>90.7</b>	90.7
Longevity at 65 for future pensioners:		
– Men	<b>90.4</b>	90.4
– Women	<b>93.5</b>	93.5

### Reconciliation of scheme assets and liabilities:

	<b>Assets</b>	<b>Liabilities</b>	<b>2017 Total</b>	2016 Total
	<b>£000</b>	<b>£000</b>	<b>£000</b>	£'000
Deficit in the scheme as at 1 April 2016	2,380	(2,500)	<b>(120)</b>	(179)
Benefits paid	(95)	95	-	-
Employer Contributions	19	-	<b>19</b>	19
Contribution from employees	4	(4)	-	-
Current service cost	-	(21)	<b>(21)</b>	(22)
Interest income / (expense)	82	(86)	<b>(4)</b>	(5)
Remeasurement Gains / Losses				
– Actuarial (loss) / gain	391	(280)	<b>111</b>	67
– Return on plan assets excluding interest income	-	-	-	-
Deficit in the scheme as at 31 March 2017	<b>2,781</b>	<b>(2,796)</b>	<b>(15)</b>	(120)

### Total cost recognised as expense:

	<b>2017</b>	2016
	<b>£'000</b>	£'000
Current service cost	<b>21</b>	22
Interest cost	<b>4</b>	5
Total operating charge	<b>25</b>	27



## 24. Pension commitments (continued)

Shaw Trust's assessed share of the fair value of the assets of this scheme were:

	<b>Value at 31 March 2017</b>	Value at 31 March 2016
	<b>£'000</b>	£'000
Equities	<b>1,695</b>	1,371
Bonds	<b>172</b>	150
Gilts	<b>398</b>	350
Property	<b>261</b>	278
Cash	<b>44</b>	43
Other	<b>211</b>	188
Total market value of assets	<b>2,781</b>	2,380
Present value of scheme liabilities	<b>(2,796)</b>	(2,500)
Net pension deficit	<b>(15)</b>	(120)

### The return on the plan assets was:

	<b>2017</b>	2016
	<b>£'000</b>	£'000
Interest income	<b>82</b>	76
Return on pension scheme assets less interest income	-	-
<b>Total return on plan assets</b>	<b>82</b>	76

### Platinum Pension Scheme

The Trust joined the Platinum multi-employer passported pension scheme in October 2010 to accommodate the pension arrangements for staff whose employment transferred to the Trust under TUPE as a result of the Trust being awarded the Work Choice contract. A formal actuarial valuation was carried out as at 31 December 2013. The results of that valuation have been projected to 31 March 2017 with allowance for the payroll and benefit information which have been provided and using the assumptions set out below. The figures in the following disclosure were measured using the Projected Unit Method. The major assumptions used by the actuary for the last three years are:

	<b>2017</b>	2016
Expected rate of salary increases	<b>1.0%</b>	3.4%
Expected rate of increase of pensions in payments	<b>3.1%</b>	2.9%
Rate of inflation	<b>2.4%</b>	2.4%
Discount rate	<b>2.4%</b>	3.4%

The mortality assumptions used were as follows:

Longevity at age 65 for current pensioners		
– Men	<b>87.5</b>	87.2
– Women	<b>89.6</b>	89.1
Longevity at 65 for future pensioners:		
– Men	<b>89.7</b>	88.6
– Women	<b>91.9</b>	90.6

## 24. Pension commitments (continued)

### Reconciliation of scheme assets and liabilities:

	<b>Assets</b>	<b>Liabilities</b>	<b>Total</b>	2016
	<b>£000</b>	<b>£000</b>	<b>£000</b>	£'000
Surplus in the scheme as at 1 April 2016	809	(736)	<b>73</b>	-
Benefits paid	(12)	12	-	-
Employer Contributions	70	-	<b>70</b>	88
Contribution from employees	9	(9)	-	-
Administration expenses	(20)	-	<b>(20)</b>	(20)
Current service cost	-	(52)	<b>(52)</b>	(75)
Interest income / (expense)	28	(26)	<b>2</b>	-
Remeasurement Gains / Losses				
– Actuarial (loss) / gain	-	(104)	<b>(104)</b>	110
– Return on plan assets excluding interest income	141	-	<b>141</b>	(30)
Surplus in the scheme as at 31 March 2017	<b>1,025</b>	<b>(915)</b>	<b>110</b>	73

Total cost recognised as expense:

	<b>2017</b>	2016
	<b>£'000</b>	£'000
Current service cost	<b>72</b>	95
Interest cost	<b>(2)</b>	-
Total operating charge	<b>70</b>	95

### Shaw Trust's assessed share of the fair value of the assets of this scheme were:

	<b>Value at 31</b>	Value at 31
	<b>March 2017</b>	March 2016
	<b>£'000</b>	£'000
Equities	<b>313</b>	234
Bonds	<b>303</b>	245
Gilts	<b>300</b>	236
Other	<b>109</b>	94
Total market value of assets	<b>1,025</b>	809
Present value of scheme liabilities	<b>(915)</b>	(736)
Total pension surplus	<b>110</b>	73

### The return on the plan assets was:

	<b>2017</b>	2016
	<b>£'000</b>	£'000
Interest income	<b>28</b>	26
Return on pension scheme assets less interest income	<b>141</b>	(30)
Total return on plan assets	<b>169</b>	(4)

## 24. Pension commitments (continued)

### Staffordshire Council (LGPS)

An actuarial valuation of the Staffordshire County Council Local Government Pension Scheme using the projected unit method was carried out in March 2015 by Hymans Robertson LLP, consulting actuaries. The major assumptions used by the actuary are:

	<b>2017</b>	2016
Expected rate of salary increases	<b>2.8%</b>	4.2%
Expected rate of increase of pensions in payments	<b>2.4%</b>	2.2%
Rate of inflation	<b>2.4% - 3.4%</b>	2.1% - 3.2%
Discount rate	<b>2.7%</b>	3.6%

The mortality assumptions used were as follows:

Longevity at age 65 for current pensioners		
- Men	<b>87.1</b>	87.1
- Women	<b>89.4</b>	89.3
Longevity at 65 for future pensioners:		
- Men	<b>89.1</b>	89.3
- Women	<b>91.4</b>	91.6

### Reconciliation of scheme assets and liabilities:

	<b>Assets</b>	<b>Liabilities</b>	<b>2017 Total</b>	Restated 2016 Total
	<b>£000</b>	<b>£000</b>	<b>£000</b>	£'000
Deficit in the scheme as at 1 April 2016 (note 1)	5,343	(12,959)	<b>(7,616)</b>	(4,870)
Deficit taken on through transfer	1,028	(1,866)	<b>(838)</b>	(6,547)
Benefits paid	(85)	85	-	-
Employer Contributions	972	-	<b>972</b>	727
Contribution from employees	294	(294)	-	-
Administration expenses	-	-	-	-
Current service cost	-	(1,182)	<b>(1,182)</b>	(1,112)
Interest income / (expense)	222	(507)	<b>(285)</b>	(233)
Remeasurement Gains / Losses				
- Actuarial (loss) / gain	-	(3,601)	<b>(3,601)</b>	4,492
- Return on plan assets excluding interest income	1,402	-	<b>1,402</b>	(73)
Deficit in the scheme as at 31 March 2017	<b>9,176</b>	<b>(20,324)</b>	<b>(11,148)</b>	<b>(7,616)</b>

#### Note 1:

The actuaries for the Staffordshire Council LGPS made an error in 2015-16 in the valuation of the pensions relating to new schools that had joined Shaw Education Trust in 2015-16. This has required a prior period adjustment to the opening balances of the assets and liabilities for the pension scheme. The prior period deficit taken on through transfer has therefore increased from £3,194k to £6,547k.

## 24. Pension commitments (continued)

### Total cost recognised as expense:

	<b>2017</b>	Restated 2016
	<b>£'000</b>	£'000
Current service cost	<b>1,182</b>	1,112
Interest cost Note 2	<b>285</b>	233
Total operating charge	<b>1,467</b>	1,345

### Note 2:

Due to the actuarial error noted in Note 1, the interest cost in 2015-16 was also mis-stated. The value charged to the SOFA in 2015-16 was £167k, but following the actuarial correction this should have been £233k, an increase of £66k. The 2015-16 comparator balances have been restated to reflect this.

### Shaw Trust's assessed share of the fair value of the assets of this scheme were:

	<b>Value at 31 March 2017</b>	Value at 31 March 2016
	<b>£'000</b>	£'000
Equities	<b>6,790</b>	2,795
Bonds	<b>1,193</b>	410
Property	<b>734</b>	335
Cash	<b>459</b>	186
Total market value of assets	<b>9,176</b>	3,727
Present value of scheme liabilities	<b>(20,324)</b>	(7,924)
Net pension deficit	<b>(11,148)</b>	(4,197)

### The return on the plan assets was:

	<b>2017</b>	2016
	<b>£'000</b>	£'000
Interest income	<b>222</b>	106
Return on pension scheme assets less interest income	<b>1,402</b>	(73)
Total return on plan assets	<b>1,624</b>	33

### West Midland Pension Fund

An actuarial valuation of the West Midland Local Government Pension Scheme using the projected unit method was carried out by Barnett Waddingham as at 31 March 2017. The major assumptions used by the actuary are:

	<b>2017</b>	As at 1 December 2016
Expected rate of salary increases	<b>4.2%</b>	4.3%
Expected rate of increase of pensions in payments	<b>2.7%</b>	2.8%
Rate of inflation	<b>3.6%</b>	3.6%
Discount rate	<b>2.8%</b>	3.2%

## 24. Pension commitments (continued)

The mortality assumptions used were as follows:

Longevity at age 65 for current pensioners			
- Men	<b>86.8</b>		86.7
- Women	<b>89.2</b>		89.2
Longevity at 65 for future pensioners:			
- Men	<b>88.9</b>		88.9
- Women	<b>91.5</b>		91.5

### Reconciliation of scheme assets and liabilities:

	<b>Assets</b>	<b>Liabilities</b>	<b>2017 Total</b>	2016 Total
	<b>£000</b>	<b>£000</b>	<b>£000</b>	£'000
Deficit in the scheme as at 1 April 2016	-	-	-	-
Deficit taken on through transfer	-	(6,382)	<b>(6,382)</b>	-
Benefits paid	-	-	-	-
Employer contributions	175	-	<b>175</b>	-
Contribution from employees	34	(34)	-	-
Administration expenses	-	-	-	-
Current service cost	-	(203)	<b>(203)</b>	-
Interest income / (expense)	1	(68)	<b>(67)</b>	-
Remeasurement Gains / Losses				
- Actuarial (loss)	-	(527)	<b>(527)</b>	-
- Return on plan assets excluding interest income	8	-	<b>8</b>	-
Deficit in the scheme as at 31 March 2017	<b>218</b>	<b>(7,214)</b>	<b>(6,996)</b>	-

### Total cost recognised as expense:

	<b>2017</b>	2016
	<b>£'000</b>	£'000
Current service cost	<b>203</b>	-
Interest cost	<b>67</b>	-
Total operating charge	<b>270</b>	-

### Shaw Trust's assessed share of the fair value of the assets of this scheme were:

	<b>Value at 31</b>	Value at 31
	<b>March 2017</b>	March 2016
	<b>£'000</b>	£'000
Equities	<b>140</b>	-
Bonds	<b>27</b>	-
Property	<b>17</b>	-
Cash	<b>6</b>	-
Other	<b>28</b>	-
Total market value of assets	<b>218</b>	-
Present value of scheme liabilities	(7,214)	-
Net pension deficit	<b>(6,996)</b>	-

## 24. Pension commitments (continued)

### The return on the plan assets was:

	<b>2017</b>	2016
	<b>£'000</b>	£'000
Interest income	<b>1</b>	-
Return on pension scheme assets less interest income	<b>8</b>	-
Total return on plan assets	<b>9</b>	-

### Great Manchester Pension Fund

An actuarial valuation of the Great Manchester Local Government Pension Scheme using the projected unit method was carried out by Hymans Robertson as at 31 March 2017. The major assumptions used by the actuary are:

	<b>2017</b>	As at 1 February 2017
Expected rate of salary increases	<b>3.2%</b>	3.5%
Expected rate of increase of pensions in payments	<b>2.4%</b>	2.6%
Rate of inflation	<b>3.4%</b>	-
Discount rate	<b>2.7%</b>	3.0%

The mortality assumptions used were as follows:

Longevity at age 65 for current pensioners		
- Men	<b>86.5</b>	-
- Women	<b>89.1</b>	-
Longevity at 65 for future pensioners:		
- Men	<b>88.7</b>	-
- Women	<b>91.2</b>	-

### Reconciliation of scheme assets and liabilities:

	<b>Assets</b>	<b>Liabilities</b>	<b>2017 Total</b>	2016 Total
	<b>£000</b>	<b>£000</b>	<b>£000</b>	£'000
Deficit in the scheme as at 1 April 2016	-	-	-	-
Deficit taken on through transfer	1,180	(1,632)	<b>(452)</b>	-
Benefits paid	-	-	-	-
Employer contributions	-	-	-	-
Contribution from employees	-	-	-	-
Administration expenses	-	-	-	-
Current service cost	-	(33)	<b>(33)</b>	-
Interest income / (expense)	6	(8)	<b>(2)</b>	-
Remeasurement gains / losses				
- Actuarial gain	-	1	<b>1</b>	-
- Return on plan assets excluding interest income	43	-	<b>43</b>	-
Deficit in the scheme as at 31 March 2017	<b>1,229</b>	<b>(1,672)</b>	<b>(443)</b>	-

## 24. Pension commitments (continued)

### Total cost recognised as expense:

	<b>2017</b>	2016
	<b>£'000</b>	£'000
Current service cost	<b>33</b>	-
Interest cost	<b>2</b>	-
Total operating charge	<b>35</b>	-

### Shaw Trust's assessed share of the fair value of the assets of this scheme were:

	<b>Value at 31 March 2017</b>	Value at 1 Feb 2017
	<b>£'000</b>	£'000
Equities	<b>922</b>	861
Bonds	<b>197</b>	189
Property	<b>61</b>	71
Cash	<b>49</b>	59
Other	<b>-</b>	-
Total market value of assets	<b>1,229</b>	1,180
Present value of scheme liabilities	<b>(1,672)</b>	-
Net pension deficit	<b>(443)</b>	-

### The return on the plan assets was:

	<b>2017</b>	Value at 1 Feb 2017
	<b>£'000</b>	£'000
Interest income	<b>6</b>	-
Return on pension scheme assets less interest income	<b>43</b>	-
Total return on plan assets	<b>49</b>	-

## Defined Contribution Scheme

The amount recognised as an expense for the defined contribution scheme was:

	<b>2017</b>	2016
Current period contributions:	<b>89</b>	107
Current period contributions:	<b>1,236</b>	834

## 25. Share capital

The company is limited by guarantee and does not have a share capital. The liability of members in the event of winding up is limited to an amount not exceeding £1 per member.

## 26. Business combinations

During 2016-17 Shaw Trust undertook two new business combinations (2015-16: none):

- a) Acquisition of 100 per cent control of the membership of Forth Sector and Forth Sector Development with effect from 19 January 2017
- b) Set up of joint venture with Anglia Ruskin University called STAR from 29 March 2016

A further three schools were converted to the Shaw Education Trust during 2016-17 (2015-16: two). The figures are shown in the table below.

### Shaw Education Trust (SET)

Shaw Education Trust was incorporated as a wholly owned subsidiary on 2 June 2014 as a multi-academy Trust to effect the sponsorship of three special schools / academies in Staffordshire.

During 2017 three further schools were transferred to Shaw Education Trust. These schools were:

Great Barr Academy – transferred 1 December 2016

Madeley High School – transferred 1 January 2017

Castlebrook High School – transferred 1 February 2017

No cash consideration has been paid to the academies, and so no goodwill adjustments are required.

The book values of the assets and liabilities were judged to be at fair value and had been treated in accordance with the group's accounting principles, therefore no adjustments were required and the financial activity of the SET has been fully consolidated into the group accounts from its incorporation.

The net assets acquired have been recorded as a donation received in the group statement of financial activities and this transaction has been accounted for as an acquisition.

Forth Sector and SET Acquisitions	Book value			
	SET	Forth Sector	2017 Total	Restated 2016
	£'000	£'000	£'000	£'000
Fixed assets – tangible fixed assets	37,502	2,672	<b>40,174</b>	15,682
Cash at bank	850	29	<b>879</b>	405
Overdrawn cash balances	-	-	<b>-</b>	(110)
Current Assets	-	274	<b>274</b>	-
Liabilities < 1 year	-	(738)	<b>(738)</b>	-
Borrowings	-	(1,551)	<b>(1,551)</b>	-
Pension liability	(7,672)	-	<b>(7,672)</b>	(6,547)
Net assets acquired	<b>30,680</b>	<b>686</b>	<b>31,366</b>	9,430

From the date of acquisition, the contribution to the results of the group was as follows:

	Restated 2016			
	SET	Forth Sector	2017 Total	Restated 2016
	£'000	£'000	£'000	£'000
Total incoming resources	5,940	571	<b>6,511</b>	3,529
Outgoing resources	(4,749)	(406)	<b>(5,155)</b>	(3,377)
Net incoming resources for the period	<b>1,191</b>	<b>165</b>	<b>1,356</b>	152
Donation of net assets	30,680	686	<b>31,366</b>	9,430
Group net incoming resources derived from acquired activities	<b>31,871</b>	<b>851</b>	<b>32,722</b>	9,582



## 26. Business combinations (continued)

Summary	2017		Restated 2016	
	Net assets acquired / transferred in £'000	Contribution to group results from the date of acquisition / increase in membership £'000	Group net incoming resources derived from acquired activities £'000	£'000
Forth Sector	686	165	851	-
Shaw Education Trust	30,680	1,191	31,871	9,582
Total	31,366	1,356	32,722	9,582

## 27. Related Party Transactions

The Trust requires all Trustees to complete a declaration of interests. The table below shows all the related parties that have been disclosed and the value of both income and expenditure that the Trust has incurred with these bodies during the year ended 31 March 2017.

Related Party	Value of revenue received from related party £	Outstanding revenue balance at 31 March 2017 £	Value of expenditure made to related party £	Outstanding expenditure balance at 31 March 2017 £
Action for Blind People (merged with RNIB – all transactions shown under RNIB)	-	-	-	-
RNIB	7,386	1,165	243,464	124
Forth Sector	482,853	307,109	23,452	-
Forth Sector Development Limited	-	-	254,076	1,363
National Offender Management Service	4,852,218	14,193	-	-
Insolvency Service Steering Board	6,938	-	-	-

## 28. Financial instruments

	Note	Group		Company	
		<b>2017</b>	2016	<b>2017</b>	2016
		<b>£'000</b>	£'000	<b>£'000</b>	£'000
<b>Financial assets:</b>					
Trade debtors	14	<b>1,843</b>	3,694	<b>1,897</b>	2,841
Amounts due from group undertakings	14	-	400	-	400
Other debtors	14	<b>552</b>	828	<b>421</b>	520
Investments in short-term deposits		<b>4,201</b>	19,000	<b>4,201</b>	19,000
<b>Total financial assets</b>		<b>6,596</b>	23,922	<b>6,519</b>	22,761
<b>Financial liabilities</b>					
Trade creditors	16	<b>2,600</b>	2,251	<b>581</b>	670
Other creditors	16	<b>94</b>	957	<b>94</b>	371
Non-controlling interest	16	<b>42</b>	50	-	-
Monies held on behalf of third parties	16	<b>89</b>	78	<b>1,472</b>	78
<b>Total financial liabilities</b>		<b>2,825</b>	3,337	<b>2,147</b>	1,119

## 29. Post Balance Sheet Events

Since the Balance Sheet date the Shaw Trust acquired Ixion Holdings (Contracts) Ltd from Anglia Ruskin University. The Trust's joint venture with Ixion Holding (Contracts) Ltd called STAR Skills Limited (STAR) will be dissolved during 2017-18, with all skills provision transferring to other group companies.

The most recent financial statements for Ixion Holdings Ltd are for the year ending 31 July 2016. As at 31 July 2016 Ixion Holdings Ltd held Net Assets of £1.302m (2015: £1.029m) with an annual turnover of £16.673m (2015: £16.069m).



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Registered Company Number 1744121

