

**Trustees Annual Report and Financial
statements for the year ended 31 August 2021**

The Shaw Trust Limited



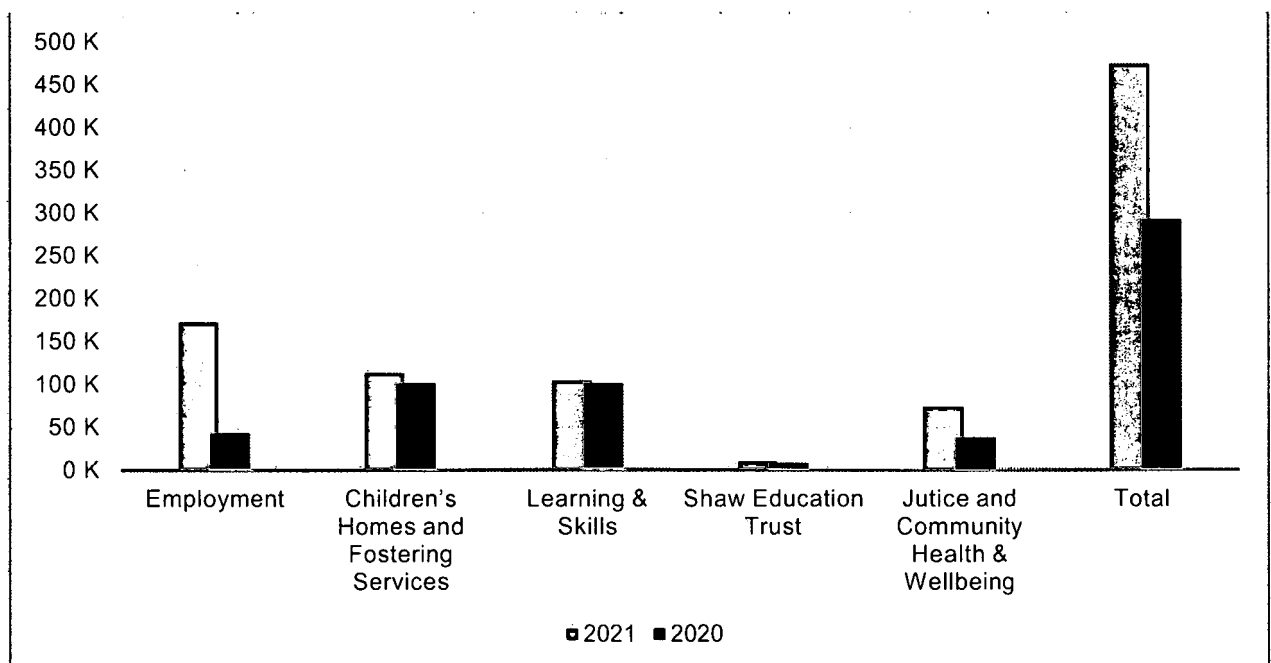
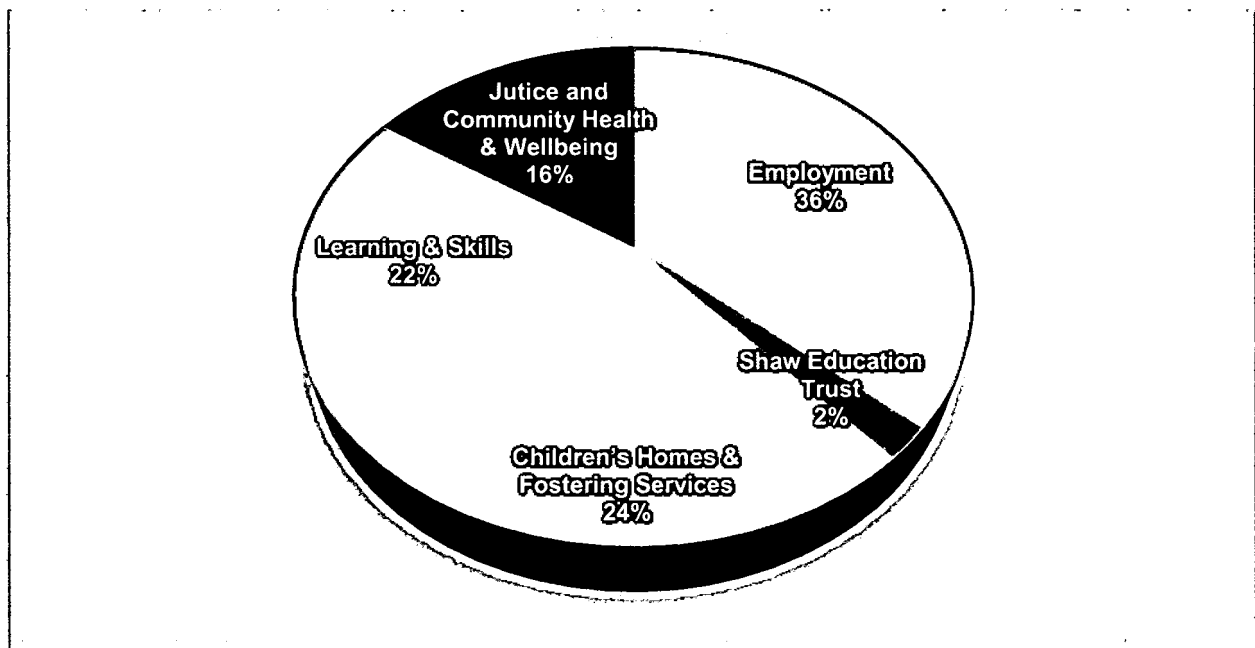
Registered Company Number 01744121
Registered Charity Number in England & Wales 287785
Registered Charity Number in Scotland SC039856
A Company Limited by Guarantee

Trustees Report – Strategic report

1. Overview

Who we are and what we do

We have supported 474,600 people during the year



At Shaw Trust we pride ourselves on our 'charitable heart with a commercial brain' approach to what we do. Our focus is to deliver quality services that also maximise social value and social investment to communities. This approach will allow us to meet:

What we believe

Our Vision

A future where good employment is accessible to all in society irrespective of life circumstances.

Our Mission

To co-create and deliver high quality employability programmes and complementary services for people with complex needs, challenging life circumstances or other barriers that impact on access to work.

Our Commitment

To focus our experience, skills, advocacy and passion to deliver the highest quality services for the people we support and to improve opportunities and access to work now and for the long term.

Our Values

We believe that who we are and the values we hold directly improves the quality of what we provide to those we support. Our values guide and focus us every day:

We care about people:

We support our staff, our volunteers and the people we work with to realise their potential.

We make a difference:

Making a lasting positive impact for the people we support is the reason we exist. We deliver high performance across our services, helping people to improve their lives.

We are inclusive:

We value the ideas, views and strengths of everyone we work with and support. Everybody is different and everybody is equal.

We are collaborative:

Working together is more effective and efficient. We believe that by working together with those we support and our partners we create better services and solutions.

We are honest:

We are authentic, accountable and transparent in all we do.

The Shaw Trust believes in the right of every person in the United Kingdom to live a decent and dignified life through good employment.

We are a not-for-profit social enterprise that seeks to improve life chances for employment for people who face social and economic challenges, or who may also be disabled or have complex needs.

We know that inequality and barriers to accessing good employment impact significantly on people's income, sense of purpose, social connections and personal agency. These inequalities and barriers often begin early in life, impacting on individuals throughout their school years and into early adulthood.

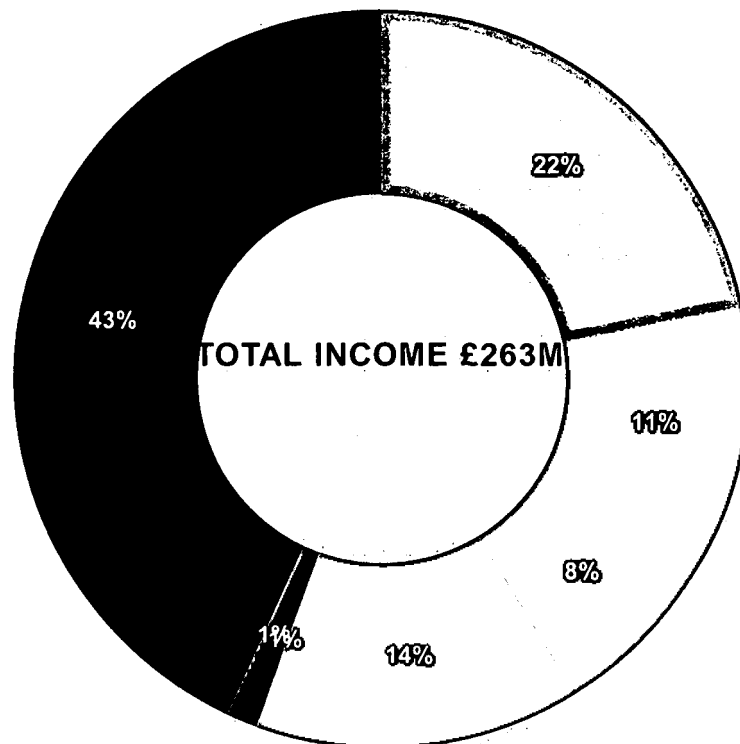
We have grown from humble beginnings. Founded in 1982 as a small charity in the Wiltshire village of Shaw, our initial focus was to find employment for disabled people. Over time and through a combination of organic growth, mergers and acquisitions we have become the UK's largest not-for-profit social enterprise in the employability sector.

Today we are a charity that remains committed to employment as the core pathway to a better life. However, we recognise that access to good employment is critically dependent on what happens in people's formative years and the opportunities they then have.

These financial statements provide a summary of our performance during the year and outlines our ongoing ambition and commitment to deliver high quality services to the people we support.

To address this, we provide a broadened framework of complementary services including Education Learning and Skills, Children and Young People's Services, and Health and Wellbeing.

Income & Expenditure Highlights

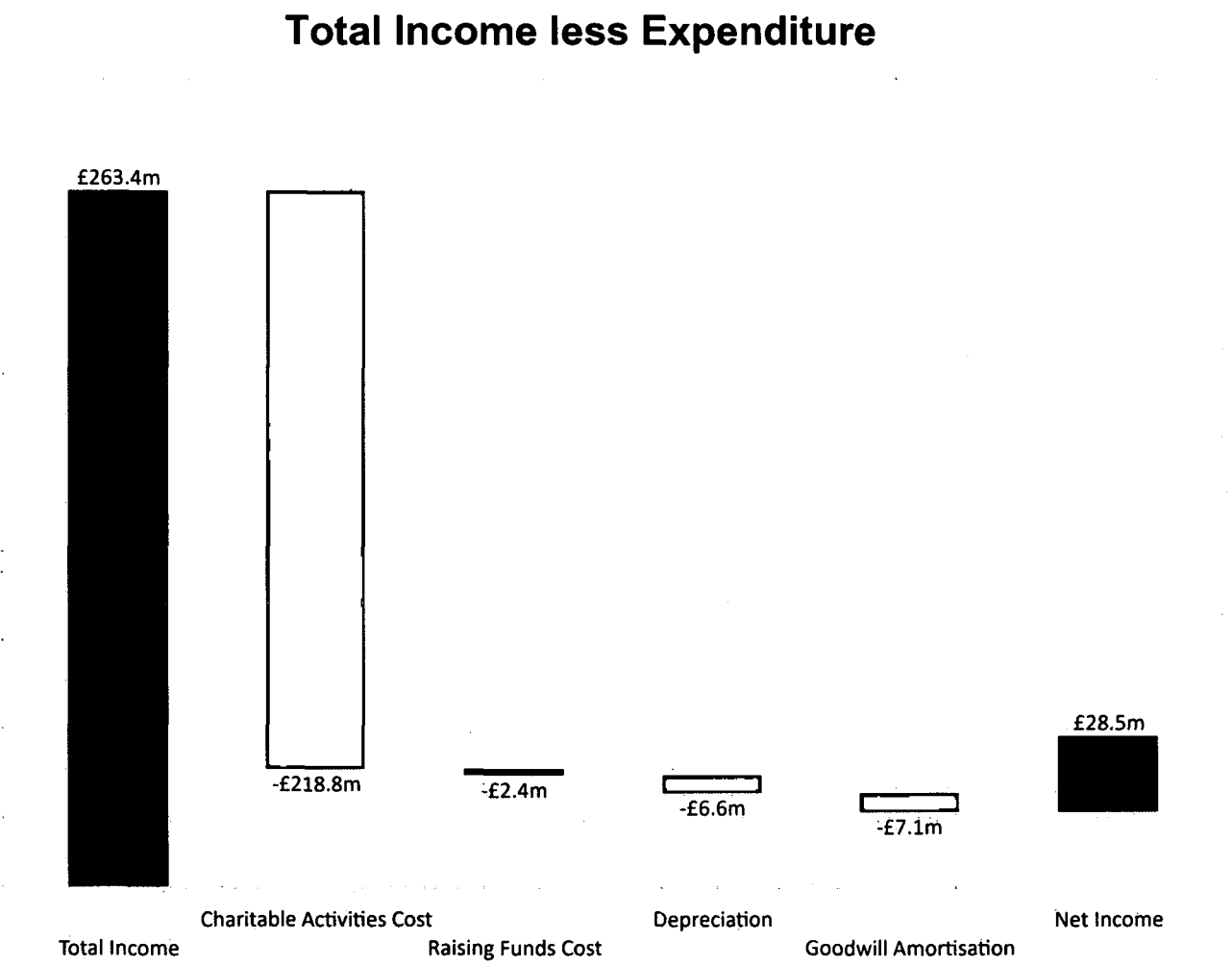
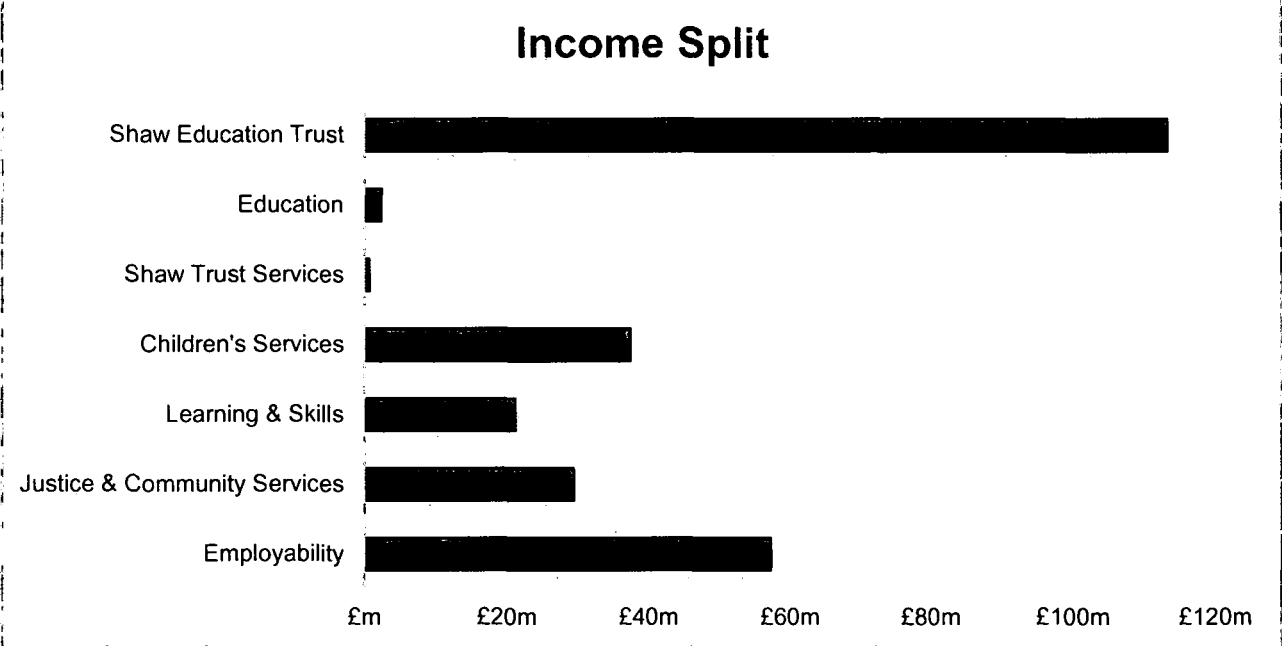


■ Employment
 ■ Children's Services
 ■ Shaw Education Trust

■ Justice & Community Services
 ■ Shaw Trust Services

■ Learning & Skills
 ■ Education

Income & Expenditure Highlights



2. Financial review

The Shaw Trust consolidated financial statements for 2020-21 are presented in the following pages.

The year has been dominated by the impact of the Covid-19 pandemic which has had a significant impact on us all. This has included the operations of the Trust and its activities. The Trust has continued its operations throughout this period, adjusting working practices as appropriate in order to continue the delivery of services to our beneficiaries. The year has seen an adaptation of working practices, careful financial management and measured growth, a result of which the Trust finished the year in a strong financial position and on track with its clear strategy for the future.

The Trust has grown significantly in recent years, along its key operational businesses of Employability, Children's Services and Education, Learning & Skills, along with continued expansion of its Multi Academy Trust. Strategically this growth is important, enabling the Trust to expand in new and existing markets. It has also facilitated opportunities to optimise the cost base across the group by maximising the opportunities to integrate property, systems, processes and people, particularly within the areas of central support services.

More recently the organisation has seen a period of integration and consolidation, identifying efficiencies in the business, focusing on its core activities and disposing of non-core assets.

Under the new management team, the turnaround has been completed and the Trust is progressing in line with its 10-year strategy and growth plan, in anticipation of future opportunities within a rapidly shifting public sector marketplace.

Financial performance, both current and projected, is closely monitored against a key set of KPIs measuring operational performance, liquidity and solvency and revenue growth is on track with the strategic plan.

The impact of Covid-19 during the year has been significant. Extensive risk assessment and modelling was undertaken throughout the pandemic to assess the impact on the Trust's business plan and contingency planning and required mitigation actions taken. These included renegotiation of income streams on major contracts, temporarily furloughing certain employees where necessary, particularly in our retail and enterprise operations due to intermittent lockdowns, and utilising reliefs as appropriate, in particular the temporary extra business rates relief.

In addition, liquidity has been supported through deferral of certain payments under the Government scheme as appropriate, which have now been repaid. Where possible we have sought to minimise our operating costs, by reducing office costs and overhead expenditure. Although in many areas ways of working have had to change, the underlying business remains robust and the Trust has managed to deliver in line with its business plan during the year. We are confident that we will continue to manage the Trust through the ongoing impact of this crisis and the current economic challenges.

Some sectors of the business, in particular the Charity Shops, Enterprise and Garden Centres have seen a higher impact than others with a number of employees having been temporarily furloughed.

2. Financial review (continued)

The Trust continues to perform extensive scenario and contingency planning both on the lasting impact of the pandemic and also the strengthening economic headwinds. It is confident that sufficient financial and operational resources are available to operate through any further extended period of disruption.

Continued support is received from funders and stakeholders, funding arrangements negotiated as appropriate with major customers and working practices adapted in response to the pandemic. This included new funding arrangements with Department for Work and Pensions (DWP), National Careers Service (NCS), Her Majesty's Prison and Probation Service (HMPPS) and Kent County Council during the period of restrictions.

Although the worst of the Covid-19 pandemic is behind us the knock-on impacts remain. Economic conditions in the UK market remain challenging with significantly higher inflation than forecast driven by energy and supply chain issues combined with an expectation of rising interest rates. These factors, exacerbated by global political uncertainty, are putting increasing pressure on household finances as well as impacting Government and Local Authority budgets.

Despite these challenges, The Trust is delivering strong performance across the majority of its contracts. The Shaw Trust continues to operate two of the Governments six flagship employability contracts, Work and Health Programme, which commenced in January 2018 and a further contract in London, commissioned by the West London Alliance. From October 2020 The Shaw Trust commenced the (DWP) Work and Health Programme – Job Entry: Targeted Support contract variation, covering Central England and the Home Counties,

which has now been extended a further year.

The Trust now focuses on its core strategic activities, having divested non-core assets and businesses in the prior year.

Performance since the year end has been favourable against the business plan and cash reserves have been maintained in line with the new reserves policy.

The results of each main legal entity may be summarised as follows:

	£m
The Shaw Trust Group operations <i>(excluding Actuarial losses and amortisation in period)</i>	16.5
Shaw Education Trust	19.1
Goodwill amortisation and impairment	(7.1)
Actuarial losses and Net finance return on defined benefit pension scheme	(21.7)
Net movement in funds	6.8

The net movement in funds for Shaw Education Trust includes the value of assets acquired at the date that new schools joined the Shaw Education Trust, amounting to £19.4m (further details are included in note 25 – Business Combinations).

The increase in turnover reflects growth in contracts, especially in the employability divisions as well as an increase in the number of academy schools. The incoming resources from the activity of the group increased by £40.2m to £263.4m, with a corresponding increase in expenditure to £234.9m.

Overall group net income has improved, showing a surplus of £6.8m during the

2. Financial review (continued)

year, an increase of £6.0m over the prior year. (2020: net surplus of £0.8m).

Within the balance sheet, consolidated reserves at £89.7m have increased by £6.8m, reflecting a combination of transfer in of academies, the performance in the year, increase in pension provisions and goodwill amortisation.

An increase of £19.9m in tangible fixed assets to £187.6m is a reflection of additional schools acquired by SET. The majority of the fixed assets are academies with SET.

Working capital remained positive, showing an increase of £17.1m in the year to £36.6m.

A significant increase of £21.5m in cash and investments to £55.0m at 31 August 2021 reflects Shaw Trust continuing its careful management of working capital and the build-up of a strategic reserve.

Longer-term liabilities predominantly relate to the increase in pension provisions, and have increased to £139.5m, largely due to changes in actuarial assumptions.

Within the cash flow, capital expenditure incurred of £5.8m (2020: £27.6m) was primarily in respect of the costs of building work and improvements undertaken at the Shaw Education Trust's academies, largely funded by successful grant applications.

Investment powers, policy and performance

During the year the Trust held its reserves in cash and short-term deposits. A new investment manager was appointed post year end and transferred funds are being invested in line with the investment policy. The Trust's liquid assets are held as cash and

readily realisable investments and cover a strategic reserve and sufficient cash for working capital purposes, and is in line with the reserves policy, below.

The Trust's long-term policy for its 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.

Reserves policy

The Trust's free reserves are held to manage the financial and operational risks to which the charity is exposed delivering its activities. The Trustees are jointly and severally responsible for ensuring the charity and legal entities are a going concern and in a financial position to provide reliable services for our beneficiaries, to absorb unforeseen setbacks in the event of a significant financial downturn and to take advantage of opportunities that are in line with our charitable mission.

The reserves policy is reviewed 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. The Trustees and Executive have considered whether the definition of free reserves, being the total unrestricted funds less any designated funds, revaluation reserves and pension scheme surpluses or deficits, is appropriate due to the significant pension deficit arising, predominantly from the acquisition of Prospects.

The conclusion of the Trustees and Executive was that there was not a significant risk that the pension liability would crystallise in the short to medium term, and that the Trust can meet the required projected further income without

2. Financial review (continued)

significantly impacting the ongoing business.

In addition, due to the relative stability of income through the long-term nature of contracts undertaken, any reduction in contract revenues can be reasonably foreseen and actions taken before there is a significant impact on the Trust's reserves. The Trust therefore continues to calculate its 'free' reserves without setting aside designated reserves to cover its pension liabilities.

As of 31 August 2021, the Trust had free reserves of £18.1m (31 August 2020: £5.1m) as follows:

	At 31 Aug 2021 £m	At 31 Aug 2020 £m
Total reserves	90.0	83.0
Less: restricted funds	(127.3)	(122.5)
Less: intangible assets	(7.4)	(14.3)
Less: tangible assets	(5.8)	(4.3)
Less: Designated funds	(2.2)	(1.5)
Add: Pension liability (unrestricted element)	70.8	64.7
Free reserves	18.1	5.1

The increase in free reserves is predominantly a reflection of a favourable financial performance in the year, net of the amortisation of goodwill created from the acquisition of Prospects and movement in unrestricted reserves.

In addition to a level of free reserves, the Trust's policy stipulates a minimum level of cash holding requirement to meet the following scenarios, including:

- A delay in collection of receipts.
- Exceptional payments of costs.
- A significant financial impact or loss of a major contract.

Detailed review of the risk and stress testing has been undertaken to assess the risk of a significant contract loss and the mitigation steps available to management. The Trustees and Executive have considered the level of free reserves and minimum cash reserve requirement and consider them appropriate given the current resources and future activities of the Trust.

Our policy on free reserves follows the cash reserves policy. Comparing this to the level of free reserves we are currently in excess of our stated policy.

Pension Schemes

The valuation of the Trust's pension schemes at 31 August 2021, for the purposes of FRS102, showed a funding deficit of £139.5m (2019/20 £113.1m). The increase reflects pension liabilities taken on with an additional three academies within Shaw Education Trust, and also a reflection of changes in actuarial assumptions over the prior year, particular sensitivities being a change in the discount rate.

The Trust monitors the size of the pension deficit and feels that there is sufficient income and cash flow in future years to service the requirement of these schemes.

In addition, a significant review of pension exposure and risk was undertaken during the prior year. As a result, the Trust closed the LPFA scheme, a significant final salary scheme, to new and existing members following a detailed review and consultation with members. A long-term repayments plan has been agreed with the provider.

2. Financial review (continued)

The Trust has several final salary pension schemes. SET participates in two principal schemes, the Teachers Pensions Scheme and the Local Government Pension scheme.

In addition, there are a number of smaller final salary schemes. These are detailed in note 24 - Pension Commitments.

Risks and uncertainties

Risks and uncertainties are referred to in depth in the Risk Management Framework section on page 23.

Plans for the future

The Trust has recently agreed a 10-year strategy and objectives, outlining our ambition and commitment to deliver high quality services to the people we support and our commissioners.

Our Vision 2030 Strategic Directive defines the short to medium term priorities which must be met to ensure that we have an organisation fit for the next decade. It lays out how we will deploy our skills and services to offer people centred tailored support and how we will work with commercial and charitable partners to meet our commissioners' policy objectives.

The Trust continues to focus on maximising performance on its key contracts and as part of its strategic vision to significantly increase the number of individuals supported, is looking at growing activity in existing and new markets.

After a decade of austerity and the impact of Covid-19, the demand for The Shaw Trust's services is increasing and will drive our plans to respond with increased capacity whilst retaining quality. We will retain employability as our principal specialisation and we will

grow our complementary services to support it in the following areas:

- Education, Learning and Skills.
- Children and Young People's Services.
- Health and Wellbeing.

The Trust has recently organized its internal structure into specialised operational divisions, each with individual targets to grow and develop in their own markets, with the benefit of being able to draw upon the breadth of experience from across the group in order to provide an enhanced range of services to commissioners and clients.

The Trust continues to outperform against its Business Plan, the divestment programme has completed and a strategic reserve, including funds with an investment manager is being built up.

In addition, the impact and challenges as a result of the Covid-19 pandemic have been extensively investigated, risk assessed and mitigated where appropriate. Financial modelling and scenario analysis has indicated that the Trust has the resources to sustain a period of operational disruption and financial loss as a result of longer-term impacts from this crisis and the challenging economic headwinds.

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:

2. Financial review (continued)

- the promotion of the health, equality and independence of disabled people; and
- the prevention and relief of poverty.

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

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

The strategic aims of the Trust are as follows:

- Maintain a balanced portfolio of services to ensure robustness and resilience across the Group and avoid dependency on a single commissioner or contract.
- Deliver an integrated, blended and seamless portfolio of services and programmes that are locally based and nationally scalable.
- Innovate and continuously improve our offer to include digital-by-design and digital-by-execution where and when appropriate.
- Continue our advocacy work through dialogue with commissioners and government to improve access to and quality of employment for all.

In order to deliver our aims, we will:

- Grow our balanced portfolio to support the national need.
- Expand our employability programmes through the new DWP departmental framework as a partner of choice.
- Establish a second Multi Academy Trust modelled on the Shaw Education Trust.

Examine the requirement and portfolio fit for Early Years interventions, maximise the potential of our Homes2Inspire children's homes.

- Increase our children's services engagement with Youth Offending Teams across the UK.
- Increase our children's services support for looked after children, young offenders and young people who are at risk of becoming Not in Education, Employment or Training (NEET) by expanding our NEET offer.
- Expand our Health and Wellbeing services support using the 'Live Well Kent' model.
- Review and adjust the various Social Enterprises now within The Shaw Trust Group for strategic fit within our growth pathways and layered services.
- Establish The Shaw Trust Foundation and The Shaw Trust Policy Institute.

The Shaw Trust Foundation and Policy Institute give the charity a visible and accountable rallying point for the charitable purpose and activity in our organisation. The Foundation will actively fundraise to support our work and it will house The Shaw Trust Policy Institute, which will champion positive change for the people and communities we support, and the sectors we operate within.

The Foundation aims to create a better tomorrow for more people across the UK by establishing a grant giving programme to offer access to services and support not otherwise available. It will help us further our impact by maximising opportunities to generate social value with likeminded organisations. The Foundation will advance social justice through social value adding

2. Financial review (continued)

programmes, support initiatives that build community and improve individual lives, and champion those with barriers to progression in life, and will build a community of volunteers and supporters to campaign for and support our charitable mission.

Achievements and performance

The Trust operates across a number of sectors to achieve our aims and objectives as detailed below:

Employment

The employability division consists of a number of contracted services focused on supporting unemployed adults to secure sustainable good work. These contracts require the delivery of a range of services over varying lengths of time to overcome participants' barriers to employment. The support offered within these contracts includes: diagnostic assessment of needs; careers advice; skills development; support to address barriers such as housing or debt; job matching and in-work support. For some contracts we also deliver integrated health and wellbeing support to overcome barriers preventing people entering or sustaining employment.

The Shaw Trust delivers its contracts through a mixture of direct service delivery and through a diverse supply chain. Supply chain partners either work as an end-to-end provider within a set geographical area or a specialist interventions provider. The supply chain complements and expands our own services delivery.

We are the largest providers of the Department for Work and Pensions (DWP) Work and Health Programme (WHP) running two significant contracts across Central England and East of England / Kent. We also run the devolved WHP in West London on behalf of the

West London Alliance. With these contracts we hold a 30% market share of this programme. WHP is an employment support programme aimed at unemployed people with health conditions or disabilities to enter sustainable employment. WHP offers up to 15 months of support to gain employment and a further period of continued support once a participant has entered a job.

The WHP contracts delivered by The Shaw Trust saw 16,417 unemployed participants start on the programme in the year to August 2021. These participants were provided with a tailored support package to move them towards employment. In the same period, we helped 7,719 participants enter paid employment as a result of this support. We continue to run these significant Work and Health Programme contracts and are currently negotiating their extension for a further two years.

As part of the Government's "Plan for Jobs" in response to the pandemic the DWP awarded The Shaw Trust an expansion to the Work and Health Programme with the introduction of "Job Entry: Targeted Support" (JETS). These are significant contracts expansions in Central England, East of England / Kent and in West London.

The JETS programme helps people who have been unemployed and in receipt of benefits for at least 13 weeks to find sustained work. JETS provides advice, guidance and job search support via telephone and our digital delivery platform. In the financial year to August 2021 The Shaw Trust has seen 42,915 people start on the JETS scheme and we have already helped 12,684 people back into work.

The Trust also delivers the Intensive Personalised Employment Support (IPES) contracts on behalf of DWP across Central England, East of England / Kent and the whole of London. These

2. Financial review (continued)

contracts offer targeted support to unemployed people with disabilities and complex needs. IPES offers one-to-one support from a dedicated advisor for up to 15 months to secure employment. Once in employment participants continue to receive dedicated support for a further six months.

The level of individual support offered on this contract is significantly higher than other programmes due to the additional support needs of some participants. During the last financial year, we have supported 1,178 new participants. Due to the success of this programme and the demand for the additional support DWP have agreed to increase the size of the programme by 25%.

As well as supporting unemployed people into jobs we also provide support to people wishing to become self-employed and start their own business. This service is provided through the New Enterprise Allowance scheme commissioned by the DWP. The Shaw Trust business advisors have supported over 5,000 people to become self-employed.

In July 2021 we launched our Restart provision in Birmingham as one of Serco's selected delivery partners. Restart is another element of the governments "Plan for Jobs" in response to the impact of the Covid Pandemic.

Children's Homes and Fostering Services

Our children's homes and fostering services are run out of Homes2Inspire Limited and Fostering to Inspire, we continued to grow and develop the services to meet the needs of our customers (Local Authorities) and thereby improve the outcomes for the children and young people we look after.

Our principal activities are the provision of residential care for looked after children within our Ofsted registered children's homes, the majority of which are in the East Midlands. We currently have 28 homes which can look after up to 110 children and young people.

We also have a contract to manage Trevone House: 19 flats delivering leaving care services by providing 24-hour support, advice and guidance for some of the most vulnerable young people in making the transition from care to independent living. This provision has been visited by a number of other Local Authorities and is being seen as an 'innovative, first of its kind blueprint' to develop similar services elsewhere.

Our customers are Local Authorities who place children either through block contract arrangements, framework agreements or on a spot purchase basis.

82 of the 110 residential children's home places are subject to block contract arrangements for the exclusive use of specific Local Authorities and the leaving care services contracted directly by a Local Authority.

This has been a challenging year due to Covid-19 and the impact on maintaining service provision and developing new services. The staff teams have worked tirelessly to maintain service delivery and support young people within a continuous and ongoing Ofsted regulatory inspection regime.

The direction of travel for our key customers continues to be one of developing children's homes within their own County boundaries for their exclusive use on a block contract, this meets their 'sufficiency and efficiency' strategy and more importantly enables the necessary 'wrap around' services, for example education and CAMHS to be accessible and available to children and young people. Going forward we would like to continue to develop 'Strategic

2. Financial review (continued)

Partnerships' with Local Authorities to move away from Commissioner / Provider contract approach.

In partnership with key customers, we have looked at ways to develop our services to meet the complex needs of children and young people stepping down from Tier 4 mental health provision or from Local Authority secure accommodation on welfare grounds who require residential care. This provides care for those who are hardest to place due to 'matching' and require high levels of support and care.

To meet these challenges, we have continued to develop solo and dual placement homes linked to 5-bed homes or 2x2-dual bed homes in close proximity to each other.

Over the last year we have opened a further three homes and have a further eight homes under development, some of which will be properties owned by the Local Authorities.

We continue to operate 19 leaving care flats for a Local Authority and have opened a second service for a Local Authority but due to Covid-19 delayed the start of mobilisation until the start of 2020, with the service taking its first young person in November 2020 that provides a wider range of services within the provision and will be kept under review as the services develop.

All homes have been inspected by Ofsted and 84% are 'Good' or 'Outstanding' with seven homes achieving an 'Outstanding' rating which acknowledges the dedication of the Home Managers and the staff teams in their work with children and young people. Homes2Inspire has been recognised by Ofsted as being in the top 20 of all Care Home providers.

'Fostering to Inspire', our Independent

fostering agency, based in Wakefield received an Ofsted 'Good' on its first inspection and continues to grow incrementally year on year. The creative work being undertaken will enable further opportunities to provide an integrated service between fostering and residential care to be developed.

The coming year will continue to present ongoing challenges as we come out of Covid-19 but also significant opportunities as we strive to meet the needs of our customers and commissioners by developing innovative solutions that provide value for money while authorities continue to review the services they deliver that provide positive outcomes for children and young people.

Children's Services

Children and Young People's Services carried out 113,000 interventions across England and Wales in 2020-2021. The pandemic enabled us to introduce a hybrid model of delivery of both face-to-face and digital. From September 2020, the vast majority of our delivery has been face-to-face to meet commissioner requirements.

Despite the pandemic, 85% of our 16 Targeted NEET contracts remained in the top two DFE Quintiles i.e., the top 60 performing local authorities in terms of their statutory duties related to participation in learning, numbers who are NEET or whose destination is unknown. Our London contracts remain the highest performing in terms of NEET and unknown, with 90% in Quintile 1 but we have seen improvements in all contract areas, most notably Gloucestershire and Wakefield.

200 schools, colleges and alternative provision from across the Midlands, Gloucestershire and London commissioned us to provide statutory and Gatsby Benchmark compliant careers guidance that is independent of the institution.

2. Financial review (continued)

We have collaborated with Enterprise and Ixion / EDULS to develop a high performing Supported Internship Programme for young people aged 16-24 in receipt of an Education Health Care Plan. Our interns are drawn from London, York and the Enterprise sites across England. 90% of our graduates are either in paid employment, education, training or voluntary work. We have secured ESFA High Needs Provider status which enables us to grow our Supported Internship provision in line with the targets in our five-year plan. One of our higher profile Supported Internships is delivered in partnership with Transport for London (TfL) where they provide the placements, and we provide the learning and job coaching. 30% of graduates are guaranteed a permanent job with TfL at the end of the programme.

Our London and Coventry and Warwickshire teams continue to run EU match funded programmes for NEET and complex young people aged 16-24. These contracts end in the Autumn of 2023. The GLA match funded programme Spark Change supports 16-24-year olds 'entrenched and complex' NEET in LB Brent, Bexley, Hackney, Harrow and Havering. The programme will use resilience mentoring, cognitive behavioural coaching and 13 weeks work placements for neurodiverse clients who are overrepresented in NEET groups.

We are contracted to run GLA funded resilience mentoring programmes for young carers, those known to youth justice, care experienced and those with SEND across 25 London boroughs.

We continue to run a highly successful Youth Support Team across Gloucestershire with the focus on integrated management, delivery and solutions for young people. Part of the contract includes running the only outsourced Youth Offending Service in

England alongside the Youth Service, statutory NEET Team, Health and packages of support for those young people who go missing from Local Authority care.

We are commissioned by the Welsh Government to run the Big Idea Wales programme which promotes entrepreneurship from Key Stage One to postgraduate and provides a small business set-up service for 16-24-year olds. We supported 200 young people to set up their own business last year.

Our growth plans for the next five years focus on contract renewals, increasing market share in our nine existing sectors, developing strategic partnerships with Local Authorities and modelling new services and products with colleagues across The Shaw Trust Group to fulfil the Child to Career objectives.

Learning & Skills:

The Learning and Skills division continues as an Ofsted Grade 1 training organisation and continued the delivery of a range of skills training. These included apprenticeships, traineeships, adult learning programmes and Advanced Learning Loans, skills support for the employed and unemployed, Big Lottery unemployment progress projects and construction programmes across all London boroughs, ex-offender rehabilitation and business start-up programmes for the unemployed as well as welfare to work. Within the Innovation division, staff bid for and administered multimillion Euro grant funded bids from Horizon 2020 and Innovate UK instruments to support the development of services and products to improve society for the benefit of all residents. This involved supporting commercial clients in consortia across Europe to win innovation and research funding from the European Union and Innovate (EU) UK.

We supported 104,000 people to receive careers information, advice and

2. Financial review (continued)

guidance and helped 27,000 people of all different attainment levels to progress and gain qualifications through

Apprenticeships, Higher Apprenticeships and Traineeships, and with qualifications to support those who want to progress within work, or those who want to enter work in addition to advanced learning loans.

Of these, 85% of those learners progressed into or within a range of employment, education and Apprenticeship opportunities within the Construction, Leadership and Management, Education and Training, Health and Social Care, and Digital and IT sectors.

Revenue streams in the year were from Government Departments including: The Education Skills Funding Agency (ESFA); the European Social Fund (ESF); the Department for Work and Pensions (DWP); the Ministry of Justice (MoJ); the EU and Local Authorities; Horizon 2021 and Innovate UK along with the Big Lottery contracts.

Revenue in the year decreased from the prior year mainly through some of the Government funded contracts coming to an end during the financial year and the significant impact of Covid-19 through the trading year. The Trust has continued to establish a strong track record and reputation of high-quality delivery within Government Commissioners, key stakeholders and employers.

The focus during the year has been to continue to invest in support services, embedding new technologies that offer efficient scaling to the business in a safe and compliant manner, delivering quality outcomes for our clients from our funding contracts, as well as developing key strategic alliances and collaborations to support business growth for the future.

The impact of the pandemic has resulted in an increased investment to further increase physical and material digital capacity and resources to support clients. An inability to claim all income due from contracts as clients were not able to fully undertake and complete their learning programmes was due to delays from external stakeholders in agreeing the solution to support clients on programmes. There is a continued lag from external stakeholders in agreeing a solution to support clients on programme, and we are working with them to reengage as many learners as possible in the 21/22 year now that we are out of pandemic restrictions.

In addition to these factors the decision has been to further invest in additional resource to support delivery of apprenticeships to those who may have required a break in learning due to the pandemic.

Ixion, part of the Learning and Skills division, became a Grade 1 Outstanding Provider in November 2017 following an OFSTED inspection.

In 2020/21 the division improved the lives of over 34,000 individuals (2019/20: 30,800).

Education

Shaw Education Trust

Shaw Education Trust (SET) is a Multi Academy Trust, based in the North West and the Midlands. As at 31 August 2021 SET operated 25 academies, one Specialist Independent College, two teaching schools and a SCITT. These cater for 10,640 pupils aged 2–25 across Staffordshire, Birmingham, Wigan, Wolverhampton, Bury, Stoke-on-Trent, Halton and Derby.

The total comprises 11 specialist provisions (including an Independent Specialist College, Newfriars which caters for young adult learners aged

2. Financial review (continued)

16-25 years old); five primary academies and nine secondary academies.

During the year a further two high schools and one primary school joined SET and were converted to academies. These are detailed in note 25.

Two mainstream secondary schools for 11-16year olds joined in the year:

- Woodhey High School on 1 October 2020, and Endon High School on 1 November 2020.
- One mainstream primary school, Waterside Primary School, joined on 1 February 2021.

In addition, SET has been awarded a Free School (Specialist) in Bury, which is due to open in September 2023.

We work our hardest to improve, accelerate and enable ambitious life goals for all young people. Our 2,000 staff help the pupils realise their potential and achieve their ambitions at academies in all key stages, from foundation to key stage five in both special and mainstream education.

The impact of Covid has been a challenge since March 2020 and continued post year end. In response to the pandemic all schools opened in line with expectation and national guidelines, with attendance continuing to be well above national averages by sector and phase. Schools are Covid safe and Quality Assurance checks confirm compliance. All schools have blended and remote learning plans in place.

Challenges remain, with continued Covid cases across the Trust, particularly in the North. Secondary schools are proving the hardest challenge due to scale and the related likelihood of infection. Staffordshire has been hit especially hard, although we have managed to

keep all schools open to date, with student attendance above the national average.

Key priorities have been to continue remote, blended and home learning, with accessibility to home ICT for all students, including Wi-Fi access during Covid. Partial closures are planned for, as matters continue to progress. Securing wellbeing of staff and students, including safeguarding and addressing food poverty and personal care provision.

Although the impact of Covid-19 has been a major event and posed many challenges to SET, the impact has been well mitigated and has had no major detrimental impact on the finances of the Trust during the year.

The Trust's business plan includes a detailed strategy for further growth, including free school applications and maintained school conversions. The priority remains to recruit schools from all sectors, secondary, primary as well as special schools. We continue to drive school improvement using a multi-faceted and evolutionary approach with our longer-term priority focusing on reducing the learning disadvantaged gap.

Optimus

Optimus Education is an established provider of professional development support and school improvement information for schools, academies and other educational institutions. We give teachers an opportunity for continuing professional development and offer careers and skills advice and guidance for young people.

We work with over 5,500 schools per year, in the UK and internationally across all phases of education. By doing so we

support teachers to improve and maximise the life chances of nearly 1.8m students and young people.

2. Financial review (continued)

The largest revenue stream is conferences and events, which has been hit by the Covid-19 pandemic, although significant events have been re-phased, and we have adopted a hybrid mix of face-to-face as well as digital. The Awards business continues to grow with over 1,100 schools signing up towards the Wellbeing Award, the school impact awards launching in 2022. Membership levels have remained in line with budget.

Justice

Work in the Justice sector is designed to enable the people we support to positively contribute to society and break the cycle of reoffending. Education, skills, employment, wellbeing and ongoing support, both within institutions and beyond the gate are all important elements of the rehabilitation process.

The Trust operates seven of the 18 CF03 contracts for Her Majesty's Prison and Probation Service. The programme is co-funded by the European Social Fund and is designed to improve social inclusion amongst offenders and ex-offenders, who are considered the hardest to help in the justice system. We do this by helping them get ready for life after prison, turn their back on crime, train and find a job. Many of those we support have multiple and complex needs.

Through these we have helped over 5,200 new offenders, providing specific support, skills and training to clients in prisons and the community, resulting in over 1,730 accreditations and more than 525 jobs.

During the year, we were awarded three contract areas for the CFO Activity Hubs, and these contracts were mobilised, creating seven dedicated offender facing Hubs, which the commissioner described as 'the perfect translation of their vision for the programme'. The hubs provide an

opportunity for offenders to gain support and interact with role models and with peers, who are at a similar post-release stage, enabling them to develop plans and ultimately be supported into education, training and employment. Support is provided through a range of activities based around: Human and Citizenship (developing self-worth); Community and Social (improving skills and resilience) and Interventions and Services (reducing recidivism agenda). Within this short time since opening, we have supported over 90 new offenders; 50 have been supported with Human / Citizenship interventions, developing a sense of self-worth and 12 have been supported with improving their sense of community and developing social skills, support networks and self-resilience.

We continue to perform well on our IAG contracts despite the impact of Covid-19. In addition, our Feltham contract provides education, training, careers advice and resettlement support for males ranging from 15-18 years old, delivered on-site within Feltham Young Offenders Institution. A revised curriculum and behaviour management policy resulted in significant improvements in attendance, engagement, and learner outcomes. During the year we worked with more than 250 learners at Feltham, who collectively achieved more than 1,400 accredited qualifications with a high proportion of learners on long term sentences achieving GCSEs for the first time. Enrichment activities with a focus on personal development and social skills were delivered throughout the year, the highlight being the artwork of 22 learners on display at the Tate Liverpool.

Community Health & Wellbeing

During 2020 and 2021 the impact of the pandemic on people's mental health and emotional wellbeing became apparent across our services supporting unemployed adults and those on lower incomes. People accessing our services

2. Financial review (continued)

reported lower levels of wellbeing and higher levels of psychological distress, anxiety, depression and loneliness.

The Shaw Trust's Community Health and Wellbeing services focus on enabling the better management of mental and physical health conditions using the biopsychosocial model of support. This approach enables improvement in people's wellbeing and in turn being better able to cope with the challenges they face at home, in work and in their communities. The commitment of our people during this challenging time enabled us to celebrate a number of key successes this year:

The launch of six new contracts:

- Kent and Medway IPS service.
- Work to Recovery IPS service in Birmingham.
- Two new Thrive into Work IPS services in Birmingham and Coventry.
- Live Well Medway.
- Covid Hardship Fund support in Kent.

Extensions achieved on the following:

- Aim4Work contracts in London.
- Get Back on Track retention service in Islington.
- Fast Track IPS service in Hackney.

Our Health and Wellbeing practitioners supported 5,763 participants across our employability programmes and 6,910 people to access health focused interventions from our delivery partners.

Community Wellbeing services such as Live Well Kent and Medway, Connect for

Health, Kent Housing Related Support and our Mental Health phone line supported a total of 8,958 people to improve their emotional wellbeing and mental health. Our health and wellbeing services worked with 30 delivery partners and saw an 85% improvement in participants wellbeing with many moving into meaningful work.

Our Individual Placement and Support (IPS) services (in Kent, Birmingham, Suffolk, London and Coventry) worked with 2,524 people providing support with their mental health while they moved into work with 68% sustaining employment.

Our Health and Wellbeing practitioners delivered 188 Mental Health training courses over the year, attended by 2,291 people. These courses supported managers to have higher quality, more confident conversations with team members about their mental health and wellbeing concerns, raised awareness of mental health and support reducing the stigma attached to it.

Retail and Enterprise

The Retail and Enterprise division comprises four distinct sections:

1. Enterprises - Enterprise projects: provides opportunities for adults with learning disabilities to work within nature and ecology parks across the UK; funded by Local Authorities. Doncaster Industries - a plastic extrusion business employing learning disabled adults. Garden Centres - provide real world work experience and vocational training for learning disabled adults. We exited one garden centre during the year end and continue to focus on Billing and Palmer Gardens. Forth Sector - offers high profile charitable and employability services in Scotland. The flagship project is St Jude's Laundry in Edinburgh, which provides job

2. **Financial review (continued)**

opportunities for people with disabilities, learning difficulties and mental or physical health problems. Despite the challenges from Covid-19, it has continued to operate, although with a more limited capacity. In addition, the Company has rentable office space at its site in Edinburgh.

2. Accessibility Services - works with companies to assess the accessibility of their online platforms, employing adults with a range of impairments, with the aim of improving digital access for people with disabilities, working with clients including the NHS, McDonalds and EasyJet.
3. The Disabled Living Foundation ("DLF") - a separate charity which provides impartial advice for independent living and a marketplace for assistive and adaptable technologies, ranging from specialised clothing to mobility equipment.
- 4 Our small network of charity shops has experienced a challenging year and been particularly impacted by the Covid-19 pandemic, with temporary store closures and some staff being furloughed.

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 32. 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; the main strategic goal is to help as many people as possible to adjust to and navigate the complex employability challenges that lie ahead. To achieve this main strategy, Trustees have agreed on different objectives which include organisational growth, maintaining a balanced portfolio of services and programmes that are locally based and nationally scalable, financial and operational stability, compliance and stakeholder's relationships.
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.
4. 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 quarterly 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; and

2. Financial review (continued)

- Major internal change programmes.

During the year, the Trustee Board reviewed the governance structure of its committees. The Performance and Investment Committee became the Commercial and Performance Committee and a new Finance Committee established. The following subcommittees of the Trustees discharged specific aspects of their responsibilities:

The Audit and Risk 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 HR 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 Trust uses external consultants and comparison tools available to set the salary level for its key management.

Salary and benchmarks are reviewed regularly to make sure the Trust can attract and retain the best talent.

The Finance Committee is responsible for the Trust's financial performance on behalf of the Board to ensure short and long-term viability and ensure finances are aligned with The Shaw Trust's Strategic Directive.

The Commercial and Performance Committee is responsible for advising the Board in relation to business investment and opportunities for growth (both organic and inorganic) in accordance with the Trust's strategy, and to oversee the operational performance of The

Shaw Trust.

The Trustees have delegated the daily management of the Trust to the Group Chief Executive and the Executive Management Team. The current Chief Executive, Chris Luck CB MBE, was appointed in May 2019, and joined the Trust after a distinguished career in the armed forces.

The Trust manages its activities through three operational divisions and service delivery within each is managed by dedicated business unit teams.

Operational staff are supported by Finance, People & Performance, Business Development, Information Services and Communications 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 period. 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 The 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 The Trust's latest reports and financial statements; a copy of the Code of Practice adopted by the Trustees; details of The Trust's senior executives and their respective roles, terms of reference and reporting lines; details of Board meetings; and the Board papers made

2. Financial review (continued)

available for meetings.

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

Risk Management Framework

The Trust's risk appetite is set annually by the Board of Trustees with the goal of aligning risk-taking with the statutory requirements, strategic business objectives and capital planning. The Board of Trustees and the Group Chief Executive Officer (CEO) have key roles in the implementation of the Trust's risk appetite by steering the balanced portfolio, geographical operating areas and markets, and funding and liquidity management.

The purpose of the Risk Assurance Statement (RAS) is to state clearly the general principles for the Trust's risk-taking, to raise risk awareness across the organisation, and to guide the staff regarding accepted and unacceptable behaviour. The RAS is implemented through the Trust's operational policies and procedures, monitoring metrics, limit system and internal controls.

The Trust is subject to national supervision and prudential regulations, including contractual obligations.

The Trust's risk management system and procedures are reviewed and refined on an ongoing basis in order to comply with what the Trust identifies as the relevant standards, recommendations and best practices in the sectors operated in. The objectives of the RAS are:

To provide a clear articulation of the Trust's risk-taking, risk mitigation and risk avoidance, and to define the risk-taking at the aggregate level.

To create a foundation for effective communication of risk among internal

and external stakeholders.

To increase understanding of the Trust's material risk exposures and raise risk awareness across the organisation.

To positively impact the defined risk culture of the Trust.

To support the Board of Trustees and the senior management in planning, formulating and executing strategic business decisions to achieve the long-term targets of the Trust.

To provide means for the Board of Trustees and senior management to engage in discussions on risk-taking, risk management, and business strategy, and their interlinkages.

To provide the tools for the Board of Trustees and senior management to continuously monitor and align the Trust's actual risk profile with the risk appetite.

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 and Risk 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.

2. Financial review (continued)

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, an internal Commercial Assurance Team provides assurance in respect of the quality of service provision and compliance with legislation, standards and contractual requirements.

The Trust's Line Two reports into senior management and the Trustee Board, through the Audit and Risk Committee; and

Line Three: Internal Audit, currently performed by an outsourced provider. Reporting primarily to the Audit and Risk Committee, the internal auditors provide assurance over the effectiveness of corporate governance and the overall control environment including Line Two defences. All reports identify areas of strength and good practice along with areas for improvement. In the case of the latter the Audit and Risk 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 and Risk 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 in the context of its risk appetite.

Principal Risks and Uncertainties

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

Inadequate organisational and operational robustness and resilience undermined by inadequate plans, succession and supersession arrangements.

- Inadequate corporate financial robustness and resilience undermined by inadequate reserves.
- Scale, pace and complexity of growth overwhelming the Trust's ability to deliver on strategic objectives or leading to failure.
- Strengthening environmental headwinds individually or in combination impinge on the ability of the Trust to operate profitably.
- Inability to generate sufficient cash or secure necessary growth capital to fund investment in market opportunities and our accelerating growth.
- Failure to deliver carbon neutrality by 2030.

2. Financial review (continued)

- Loss of market share or strengthened competition resulting in income loss and reduced financial viability.
- Governance Failure.

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

- Build and maintain a strong balance sheet so as to instil confidence of stakeholders and to sustain the future development of the business.
- Build and maintain a strategic reserve to enable the Trust to operate and continue its core activities.
- Invest surplus funds where applicable 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 Trust had no material investments during the year, although a successful tender for an investment manager was completed post year end and funds have now been transferred.

Liquidity risk is managed by carefully forecasting and monitoring the short term and long-term cash flows and 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, being mostly Government departments and Local Authorities. 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 has to date financed the majority of its operations through its reserves and has not required significant external funding. Loan balances as at 31 August 2021 of £3.5m included the Revolving Credit Facility of £2.0m with the balance of external funding held in Forth Sector and SET. Post year end a new loan facility was negotiated with the

National Westminster Bank, the Trust's principal bank, resulting in the repayment of the £2.0m.

The group does have a small foreign exchange risk arising from investments in charities operating in Poland. 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.

Streamlined Energy and Carbon Reporting

The Shaw Trust has prepared a report that achieves compliance with the Streamlined Energy and Carbon Reporting (SECR) framework requirements.

Greenhouse Gas (GHG) Emissions

In line with the Greenhouse Gas Protocol (GHG) Corporate Accounting and Reporting Standard, the Trust has been engaged in a process aimed at reducing our energy and greenhouse gas emissions.

The Trust currently maintains both scope 1 and 2 emissions, which are generated from our premises (offices, accommodation, and schools), and transport, respectively. We maintain transport emissions from leased company cars and "grey fleet" (personal cars used for business purposes, where staff mileage has been reimbursed).

2. Financial review (continued)

The Trust is currently devising a strategy to reduce our carbon footprint significantly including:

- Encouraging employees to purchase renewable technology cars i.e., hybrids.
- Purchasing energy efficient equipment where appropriate in our premises.
- Replacing HVAC systems with energy-efficient equipment where possible.
- Adopting behavioural change measures where possible.

We have a longstanding commitment to tackling climate change. Our calculated carbon footprint for our current financial year is 4,626 tCO₂e, whilst energy consumption was 20,747,565 kWh (20,747 MWh).

Methodology

We have reported all emission sources under the Companies Act 2006 (Strategic Report and Director's Reports) Regulations 2013 as required. We have calculated and reported our emissions in line with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2020 (reference "Introduction guidance").

The reporting period is the financial year 2020/2021, the same as that covered by the Annual Report and Financial Statements. The boundaries of the GHG inventory are defined using the operational control approach. In general, the emissions reported are the same as those which would be reported based on a financial control boundary.

2020/2021 Emissions

Scope 1 (natural gas)

Tonnes CO₂ equivalent (tCO₂e) 2,783

Scope 2 (electricity)

Tonnes CO₂ equivalent (tCO₂e) 1,375

Scope 1 (transport)

Tonnes CO₂ equivalent (tCO₂e) 468

Total

Tonnes CO₂ equivalent (tCO₂e) **4,626**

Intensity Ratio

Scope 1 and scope 2 carbon intensity metric based on the number of clients (including pupils) supported by the Trust during the financial year:

4,626 tCO₂e / 292,000 clients = 0.016 tCO₂e per client.

Total Emissions

Efficiency Measures Taken

- 1) Replaced aging premises equipment with energy-efficient products.
- 2) Expanded video conferencing and online meetings (as opposed to face-to-face meetings).
- 3) Upgraded lighting portfolio to LED's where possible.

Objectives for 2021/2022

- 1) Reduce our baseline electricity and gas consumption year on year.
- 2) Continual review of existing equipment and company policies.
- 3) Reviewing supply contracts to determine feasibility of renewable energy.

2. Financial review (continued)

- 4) Implementation and assessment of the Energy Savings Opportunity Scheme (ESOS) recommendations.
- 5) Implementation of carbon reduction towards net zero.
- 6) Continue with our energy savings programme.

The Trust will report on progress within our next set of financial statements.

Disabled employees

The group is committed to employment policies which follow best practice, based on equal opportunities for all employees, irrespective of age, religion, sex, race, colour, disability, sexuality 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. To this end, the Trust was delighted to be awarded Disability Confident Leader Status in 2018.

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 their interests.

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.

Statement on going concern

The Trust prepares a detailed annual budget and five-year business plan which indicates a positive cash position and operational profitability for the duration of the plan. This plan has been approved by the Trustees and the Trust's principal lenders.

In light of recent events as a result of the Covid-19 pandemic and ongoing impact the Trust has performed extensive contingency planning and modelling, including mitigations against the risks. The Trust's principal funder has shown continued support during this period with the agreement of a new Revolving Credit Facility.

Management continues to closely monitor significant risks, and modelling of sensitivities have indicated the Trust has sufficient liquid resources to meet its

2. Financial review (continued)

obligations as they fall due and to continue operations for at least 12 months from the date of approval of these financial statements.

After reviewing the charity's forecasts, sensitivity analysis and projections and its reserves, the Trustees have a reasonable expectation that the charity can manage these risks and 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.

The Trust has produced a comprehensive risk assessment framework and monitors and reports on this on a quarterly basis. It continues to drive performance and look for further opportunities to develop. It seeks to mitigate any ongoing risk by ensuring that it continues to be lean and fit for purpose, responds to the changing environments and markets in which it operates and continues to engage with commissioners and clients.

3. Statutory and administrative details of the charity, the Trustees and advisers

Trustees

Sir Kenneth Olisa OBE, Chairman

Paul Baldwin * ♦

Diane Côté ~ (appointed 28 April 2021)

Audrey Coutinho * (appointed 26 July 2021)

Deborah Dorman ♦ (appointed 3 February 2022)

Chanelle Gray ♦ (resigned 3 February 2022)

Mike Hawker * (resigned 3 February 2022)

Annamarie Hassall MBE

Peter Holmes • (resigned 3 February 2022)

Paul McGee *

Jeremy Moore CB * • ^

John Norman ♦ (resigned 3 February 2022)

Dr Mike Nussbaum ♦ •

Lara Oyesanya ^ (appointed 28 April 2021)

Kalm Paul-Christian ^ (appointed 3 February 2022)

Stephen Pegge ~ (appointed 28 April 2021)

Steve Shaw ♦ (appointed 3 February 2022)

James Stewart ~ (appointed 26 July 2021)

^ Member of the Commercial and Performance Committee

~ Member of the Finance Committee

* Member of the Audit and Risk Committee

♦ Member of the HR Committee

• Member of the Performance and Investment Committee

Executive Management Team

Chris Luck CB MBE

Group Chief Executive Officer

Stephen King

Chief Financial Officer

Scott Miller

Chief Corporate Officer

Mark Earl

Chief People Officer

Richard Clifton

Managing Director – Employability

Paul Cook

Managing Director – Children's Services

Jacqueline Oughton

Managing Director - Education Learning and Skills

Andy Canniford

Commercial Director

Jo Morgan

Chief Executive Officer – Shaw Education Trust

Company Secretary

Carol McKinley

Registered Office

Black Country House, Rounds Green Road,
Oldbury, West Midlands, B69 2DG

Independent Auditors

Crowe U.K. LLP

2nd Floor, 55 Ludgate Hill, London, EC4M 7JW

Bankers

National Westminster Bank

9th Floor, 280 Bishopsgate, London EC2M 4RB

Solicitors

Brabners LLP Solicitors

55 King Street, Manchester M2 4LQ

A Company Limited by Guarantee Registered Number 01744121

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.

4. 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 (including the Strategic Report) and the financial statements in accordance with applicable law and regulation.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with 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). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the 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 Statement of Recommended Practice: Accounting and Reporting by Charities (2015).
- Make judgments and estimates that are reasonable and prudent.

- State whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group 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.

The Trustees are responsible for the maintenance and integrity of 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.

4. Statement of Trustees' responsibilities (continued)

Disclosure of information to auditors

In so far as the Trustees are aware:

- (a) there is no relevant audit information of which the charitable company's auditor is unaware; and
- (b) the Trustees have taken all the steps that they ought to have taken as a Trustee in order to make them aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Independent auditors

In line with best practice The Shaw Trust Limited are currently undertaking a procurement exercise in relation to the appointment of external auditors. Once this process has completed a resolution proposing the most appropriate audit company as auditor of the Trust will be put to the members.

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.

5. Section 172(1) Statement

General confirmation of Trustees and Directors' duties:

The Trust's Board has a clear framework for determining the matters within its remit and has approved Terms of Reference for the matters delegated to its committees. Certain financial and strategic thresholds have been determined to identify matters requiring Board consideration and approval.

S172(1) (A) "The likely consequences of any decision in the long term"

The Directors completely understand the importance of Charity and long-term impact of its decision on beneficiaries and communities. The Board has developed proper strategies and process to follow for any decision which can have long term impacts.

S172(1) (B) "The interests of the company's employees"

The Directors recognise that The Shaw Trust Limited employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

S172(1) (C) "The need to foster the company's business relationships with suppliers, customers and others"

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers, governments and commissioners. The Shaw Trust Limited seeks the promotion and application of certain general principles in such relationships. The Trust supports the government strategy to support SMEs via doing business with them and paying promptly. The Trust recognises the importance of its supply chain partners to deliver its targets and achieve strategic goals. Certain rules and procedures have been developed to maintain the good relationship with them.

Moreover, the Directors receive information updates on a variety of topics that indicate and inform how these stakeholders have been engaged.

S172(1) (D) "The impact of the company's operations on the community and the environment"

The Board receives information on these topics to both provide relevant information for specific Board decisions e.g., working from home, green energy and carbon footprint policies.

**5. Section 172(1) Statement
(continued)**

S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"

The Board periodically reviews and approves clear frameworks to ensure that its high standards are maintained both within its businesses and the business relationships we maintain. This complemented the ways the Board is informed and monitors compliance with relevant governance standards, help assure its decisions are taken.

A handwritten signature in black ink, consisting of a stylized 'K' followed by a horizontal line and a small dot below it.

Sir Kenneth Olisa, Chairman
10 May 2022

Independent Auditor's Report to the Members and the Trustees of The Shaw Trust Limited

Opinion

We have audited the financial statements of The Shaw Trust Limited ('the charitable company') and its subsidiaries ('the group') for the year ended 31 August 2021 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets, the Group Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 August 2021 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members and the Trustees of The Shaw Trust Limited

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 29 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

Independent Auditor's Report to the Members and the Trustees of The Shaw Trust Limited

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 and The Charities and Trustee Investment (Scotland) Act 2005 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

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

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

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of contract income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing contract income, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Julia Poulter
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London

31 May 2022

The Shaw Trust Limited Group statement of financial activities

For the year ended 31 August 2021

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Year ended 31 August 2021 £'000	Year ended 31 August 2020 £'000
Income and endowments from:					
Donations and Legacies		148	5,912	6,060	25,401
Charitable activities		156,775	76,007	232,782	180,169
Other Trading Activities	1a	2,083	821	2,904	2,929
Income on investments, interest and dividends		1	-	1	14
Covid related grants		829	1,545	2,374	1,050
Other Income		1	-	1	5
Net assets taken on with mergers and transfers	25	-	19,381	19,381	13,674
Incoming resources including share of joint ventures	1	159,837	103,666	263,503	223,242
Less share of gross incoming resources of joint ventures		-	(101)	(101)	(119)
Group incoming resources		159,837	103,565	263,402	223,123
Expenditure on:					
Raising funds	2	(2,385)	-	(2,385)	(3,804)
Goodwill Impairment	7	(568)	-	(568)	-
Charitable activities	2	(147,823)	(84,125)	(231,948)	(213,729)
Total resources expended		(150,776)	(84,125)	(234,901)	(217,533)
Net income		9,061	19,440	28,501	5,590
Net losses on Fixed Asset investments	10	-	-	-	-
Transfers between funds	18	356	(356)	-	-
Group net income		9,417	19,084	28,501	5,590
Share of net outgoing resources of joint ventures	9	-	6	6	(1,013)
Net income before other recognised gains and losses		9,417	19,090	28,507	4,577
Gain on sale of subsidiaries	1b	-	-	-	927
Actuarial losses on defined benefit pension schemes	24	(9,457)	(12,243)	(21,700)	(4,696)
Net movement in funds		(40)	6,847	6,807	808
Fund balances brought forward		(39,589)	122,478	82,889	82,081
Fund balances carried forward		(39,629)	129,325	89,696	82,889

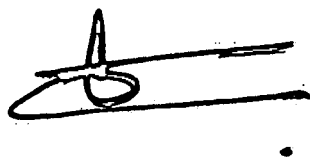
Group and Company Balance Sheets (Registration 01744121)
as at 31 August 2021

		Group		Company	
	Note	2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	7	7,435	14,292	446	488
Tangible assets	8	187,570	167,686	3,466	3,024
Investments in subsidiaries	9	-	-	19,355	19,355
Investments in joint ventures - investment at cost					
Gross assets		93	78	-	-
Gross liabilities		(41)	(31)	-	-
Net assets	9	52	47	-	-
Total fixed assets		195,057	182,025	23,267	22,867
Current assets					
Stocks	12	426	548	292	323
Debtors: Due within 1 year	13	33,926	30,788	24,618	17,169
Debtors: Due over 1 year	13b	18,768	12,386	300	-
Current asset investments	10	-	-	-	-
Cash at bank and in hand	15	55,031	33,497	10,616	2,462
Total current assets		108,151	77,219	35,826	19,954
Creditors - amounts falling due within one year	16	(71,519)	(57,657)	(32,514)	(19,387)
Net current assets		36,632	19,562	3,312	567
Total assets less current liabilities		231,689	201,587	26,579	23,434
Creditors - amounts falling due after one year	16b	(1,293)	(3,493)	-	(1,961)
Provision for liabilities and charges	17	(1,231)	(2,124)	(522)	(1,978)
Net assets before pension liability		229,165	195,970	26,057	19,495
Pension liability	24	(139,469)	(113,081)	-	(15)
Net assets after pension liability		89,696	82,889	26,057	19,480

Group and company balance sheets (continued)
as at 31 August 2021

		Group		Company	
	Note	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Funds					
Designated funds	18	2,171	1,511	1,966	1,306
General funds	18	28,959	23,556	20,323	14,425
Total unrestricted funds		31,130	25,067	22,289	15,731
excluding pension liability					
Pension liability		(70,759)	(64,655)	-	(15)
Total unrestricted funds	18	(39,629)	(39,588)	22,289	15,716
Restricted funds	19	129,325	122,477	3,768	3,764
Total Funds	20	89,696	82,889	26,057	19,480

The notes on pages 42 to 94 are an integral part of these financial statements. The financial statements on pages 36 to 94 were approved by the board of directors on 10 May 2022 and were signed on its behalf by:



Sir Kenneth Olisa, Chairman

Group statement of cash flows

for the year ended 31 August 2021

	Note	Year ended 31 August 2021 £'000	Year ended 31 August 2021 £'000	Year ended 31 August 2020 £'000	Year ended 31 August 2020 £'000
Net cash inflow from operating activities	A		28,213		38,622
Taxation			-		-
Net cash generated operating activities			28,213		38,622
Cash flow from investing activities					
Capital expenditure and financial investment					
Purchase of tangible assets		(5,589)		(27,304)	
Purchase of intangible assets		(219)		(255)	
Cash inflow on conversion of academies and business combinations		1,460		1,182	
Net sales of investments		-		712	
Cash from disposal of fixed assets		185		7,039	
Investment income received		1		14	
Net cash outflow from capital expenditure and financial investment			(4,162)		(18,612)
Total Net cash generated from investing activities			24,051		20,010
Cash flow from financing activities					
Interest and charges paid		(1,324)		(1,119)	
Repayment of loans		(1,193)		(2,336)	
Net cash used in financing activities			(2,517)		(3,455)
Net increase in cash and cash equivalents	B		21,534		16,555
Cash and cash equivalents at the beginning of the period at 1 September 2020			33,497		16,942
Cash and cash equivalents at 31 August 2021	C		55,031		33,497

Group consolidated statement of cash flows (continued)
for the year ended 31 August 2021

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

	Year ended 31 August 2021 £'000	Year ended 31 August 2020 £'000
Net incoming resources before other recognised gains	28,507	4,577
Donation of net assets arising on acquisition	(19,381)	(13,674)
Pensions - adjustment to net incoming resources	1,188	6,562
Investment income received	(1)	(14)
Bank charges and interest paid	1,324	1,119
Depreciation and fixed asset write offs	6,575	5,768
Amortisation of goodwill	6,797	8,204
Impairment of goodwill	568	-
Net loss on write off / disposal of tangible fixed assets	58	10,352
Net loss on write off / disposal of intangible fixed assets	21	131
Intangible assets transfers	(310)	-
Tangible assets transfers	308	-
Net loss on disposal of investments	-	427
Decrease in stock	122	201
Increase in debtors	(9,520)	(6,232)
(Increase) / decrease in value of joint ventures	(5)	1,016
Increase in creditors	8,195	15,214
Increase in deferred income	4,660	4,959
Increase / (decrease) in provisions for liabilities and charges	(893)	12
Net cash inflow from operating activities	28,213	38,622

Group consolidated statement of cash flows (continued)
for the year ended 31 August 2021

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

	1 September 2020 £'000	Cash Flow £'000	31 August 2021 £'000
Cash pledged as security for guarantee	250	-	250
Unrestricted cash at bank and in hand	33,247	21,534	54,781
Total cash at bank and in hand	33,497	21,534	55,031

c) Cash and cash equivalents

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Cash and cash equivalents consist of:				
Cash at bank and in hand	55,031	33,394	10,616	2,359
Short term deposits	-	103	-	103
Total cash at bank and in hand	55,031	33,497	10,616	2,462

Basis of preparation

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 9) made up to 31 August 2021. 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 equity method of accounting.

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; and
- 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.

Functional currency

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

Principal accounting policies

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared 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.

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.

Contract income

Where the outcome of a transaction involving the rendering of services via contracts can be estimated reliably the revenue is recognised by reference to the stage of completion at the end of the reporting period. This is reviewed and, where necessary, revised based on the estimates of revenue and costs as the contract progresses.

**Principal accounting policies
(continued)**

Stage of completion is determined using the method that measures most reliably the work performed and assumes use of the straight-line basis unless there is evidence that some other method better represents the stage of completion.

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.

Where assets and liabilities are received on the transfer of an existing academy into the academy trust, the transferred net assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised for the transfer of an existing academy into the academy trust within donations and capital grant income to the net assets acquired.

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. Income is recognised 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; and
- 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:

**Principal accounting policies
(continued)**

- 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; and
- 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 are stated at cost less depreciation.

Land and buildings transferred as part of the Academies programme to Shaw Education Trust are reflected within freehold or 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 5 years).
- Equipment and vehicles 20%.
- Computer equipment 25%; and
- Plant and machinery in Forth Sector 6.75%.

**Principal accounting policies
(continued)**

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

Intangible fixed assets – goodwill and computer software

Goodwill represents the excess of the cost of a business combination over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in Intangible Assets. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life.

During 2017/18 The Shaw Trust Limited acquired Ixion Holdings (Contracts) Limited and Prospects Group 2011 Limited and the intangible fixed assets include goodwill arising on the purchase.

In determining the period of amortisation, management considered the length of the current contracts, the performance of the business and the likelihood of securing additional future business and concluded that five years was a reasonable time over which to amortise the goodwill arising on these acquisitions.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any

goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Computer software 25% (or over the lifetime of the contract if more appropriate).

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

Fixed asset 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.

Investments that have been liquidated are treated as short term and shown within current assets.

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

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 and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**Principal accounting policies
(continued)**

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 specific 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 The Shaw Trust Limited defined contribution pension scheme, the Trust operates a number of defined benefit pension arrangements, which are detailed in note 24 to the Financial Statements.

**Principal accounting policies
(continued)**

The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

The amounts charged to net income / (expenditure) are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability / asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations.

The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

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

All related party transactions are disclosed in note 26.

Foreign exchange transactions

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

Tax and deferred tax

Current tax arising in non-charitable subsidiaries is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated using the tax rates and law that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of

**Principal accounting policies
(continued)**

future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the Group's accounting policies

Assessing whether the Group controls SET requires judgement. SET is a wholly owned subsidiary of The Shaw Trust Limited, who is also the sponsor company. Through the SET Articles of Association, The Shaw Trust Limited can appoint members and Trustees to the SET Board, thereby giving control to the decision making and authority for the work of the Academy Trust. The Group considers that these powers demonstrate that the Group controls SET.

In addition, Trustees have assessed the value of goodwill in the balance sheet and assessed the need for an impairment review. There is a significant judgement to establish the individual CGUs for the purpose of impairment and to establish a methodology for the allocation of Goodwill to each CGU.

In the case of the Prospects Group, we determined the CGUs to be the individual trading businesses as the cash flows, assets and liabilities of these businesses are separately identifiable.

Statement on going concern

The charity continues to adopt the going concern basis in preparing its financial statements.

The Trust prepares a detailed annual budget and five-year business plan which indicates a positive cash position and operational profitability for the duration of the plan. This plan has been approved by the Trustees and the Trust's principal lenders.

Having reviewed the charity's forecasts and its current reserves, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operation for the foreseeable future.

Key accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carry amounts of assets and liabilities within the next financial year are addressed below.

- (i) Impairment of intangible assets and goodwill (note 7).

The Group considers whether intangible assets and goodwill are impaired. Where an indication of impairment is identified, the estimation of recoverable value requires estimation of the recoverable value of the CGU. This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows. Where it indicates that the Net Present Value of the CGU is lower than its value shown in the financial statements an impairment is taken. In the year ended 31 August 2019 this amounted to an additional write-down in goodwill of

£15.9m. An adjustment was required in the year ended 31 August 2021 and amounted to £568k.

- (ii) Provisions (note 17)

Provision is made for dilapidations, asset retirement obligations and contingencies. These provisions require management's best estimate of the costs that will be incurred based on

***Principal accounting policies
(continued)***

legislative and contractual requirements. In addition, timing of the cash flows and discount rates used to establish net present value of the obligations require management judgement.

- (iii) Defined benefit pension scheme (note 24).

The group has obligations to pay pension benefits to certain employees. The costs of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuation and the corporate bond discount rate. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

Notes to the financial statements

General information

The Shaw Trust Limited (the "Company") is domiciled in England and Wales with registration number 01744121. The address of its registered office is Black Country House, Rounds Green Road, Oldbury, B69 2DG.

The principal activity of the Company during the period is to co-create and deliver high quality employability programmes and complementary services for people with complex needs, challenging life circumstances or other barriers that impact on access to work.

1. Total incoming resources / material funders

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

	Unrestricted funds	Restricted funds	Year ended 31 August 2021	Unrestricted funds	Restricted funds	Year ended 31 August 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Donation of net assets arising on mergers	-	19,381	19,381	-	13,674	13,674
Donations and Legacies	148	5,912	6,060	49	25,352	25,401
Other Trading Activities (note 1a)	2,083	821	2,904	2,642	287	2,929
Income on investments, interests and dividends	1	-	1	14	-	14
Covid related grants	829	1,545	2,374	1,050	-	1,050
Other Income	1	-	1	5	-	5
Incoming resources from generated funds	3,062	27,659	30,721	3,760	39,313	43,073
Contract delivery, social enterprises and other charitable activities	156,775	76,007	232,782	116,179	63,990	180,169
Joint Venture - Intergracja	-	(101)	(101)	-	(119)	(119)
Total	159,837	103,565	263,402	119,939	103,184	223,123

Notes to the financial statements (continued)

1. Total incoming resources / material funders (continued)

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

Material funders are The Department of Work and Pensions (DWP) from which a total of £57.3 million (2020: £25.4 million) was earned. Shaw Education Trust received £57.4 million (2020: £43.3 million) general annual grant from the Department for Education.

The fair value of net assets acquired from business combinations are treated as a donation (see note 25).

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

	Year ended 31 August 2021 £'000	Year ended 31 August 2020 £'000
Total income	80,260	40,919
Net outgoing / (incoming) resources	(6,578)	7,133

1a. Other Trading Activities

	Year ended 31 August 2021 £'000	Year ended 31 August 2020 £'000
Income from Charity Shops	2,904	2,929
Total income	2,904	2,929

1b. Gain on sale of subsidiaries

	Year ended 31 August 2021 £'000	Year ended 31 August 2020 £'000
Proceeds	-	500
Net Assets divested		
Fixed Assets (see note 8)	-	86
Net current liabilities	-	420
	-	506
Costs incurred to enable the sale	-	(79)
Gain on sale of subsidiaries	-	927

The group disposed of two subsidiaries in the prior year: Gabbitas Limited and 3BM Limited with a gain of £1,166K for Gabbitas and a deficit of £239K for 3BM.

Notes to the financial statements (continued)

2. Analysis of total resources expended

	Year ended 31 August 2021 £'000	Year ended 31 August 2020 £'000
Raw Materials and Consumables	12,629	12,463
Staff Costs – salaries, NI and pensions	155,055	123,775
Staff Costs – travel and pension charges	4,907	6,153
Other Operating Costs	53,394	61,593
Depreciation	6,575	5,768
Amortisation and Impairment of Goodwill	7,365	8,204
Finance Charges	1,324	1,122
Sub total	241,249	219,078
Tax (note 21)	(6,348)	(1,545)
Total	234,901	217,533

	Activities undertaken directly £'000	Support costs not directly allocated £'000	2021 Total £'000	2020 Activities undertaken directly £'000	2020 Support costs not directly allocated £'000	2020 Total £'000
Raising Funds						
Fundraising	77	-	77	34	-	34
Charity shops	2,308	-	2,308	3,781	-	3,781
Investment management fees	-	-	-	(11)	-	(11)
Total cost of Raising Funds	2,385	-	2,385	3,804	-	3,804
Charitable Activities						
Impairment of goodwill	568	-	568	-	-	-
Contract delivery, social enterprises and other charitable activities	228,312	2,250	230,562	211,828	1,877	213,705
Usage of fundraising funds	1,386	-	1,386	24	-	24
Total Cost of Charitable Activities	230,266	2,250	232,516	211,852	1,877	213,729
Total Resources Expended	232,651	2,250	234,901	215,656	1,877	217,533

Notes to the financial statements (continued)

2. Analysis of total resources expended

Support costs not directly allocated comprise the following:

Support costs	Year ended 31 August 2021 £'000	Year ended 31 August 2020 £'000
Management	810	596
Corporate Governance	279	205
Finance	306	246
Information Technology	590	655
Human Resources	237	155
Communications and Marketing	28	20
Support costs not directly allocated	2,250	1,877

3. Finance costs

	Year ended 31 August 2021 £'000	Year ended 31 August 2020 £'000
Bank charges, interest and other finance costs (note 2)	1,324	1,122
Net finance cost on defined benefit pension scheme (note 24)	1,929	1,546
Total	3,253	2,668

These charges have been reported in Statement of Financial Activities under Charitable Activities.

4. Net incoming resources

	Year ended 31 August 2021 £'000	Year ended 31 August 2020 £'000
The net incoming resources are stated after charging:		
Depreciation charge for the year on tangible owned assets	6,575	5,768
Amortisation charge for the year on intangible owned assets	6,797	8,204
Goodwill impairment charge	568	-
Auditors' remuneration: audit services		
- Parent Company and consolidated financial services	70	139
- Audit of the company's subsidiaries	128	219
Auditors' remuneration: other services		
- services relating to taxation	-	19
- all other services	-	119
Operating leases:		
- others	146	216
- property	1,443	2,110
Net loss on write off / disposal of fixed assets	79	10,733

Notes to the financial statements (continued)

5. Employees

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

	Year ended 31 August 2021 Average Headcount	Year ended 31 August 2020 Average Headcount
Charitable purposes	4,707	3,792
Retail	66	106
Total	4,773	3,898

Employee costs for the above persons during the year were:

	Year ended 31 August 2021 £'000	Year ended 31 August 2020 £'000
Wages and salaries	125,687	100,140
Social security costs	11,571	8,166
Other pension costs (note 24)	17,797	15,469
Total	155,055	123,775

Included in the above figures is a figure of £353K (2019-20: £813K) for redundancies.

Notes to the financial statements (continued)

5. Employees (continued)

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

	2021 Total Emoluments	2020 Total Emoluments	2021 Total Emoluments excl. severance payments	2020 Total Emoluments excl. severance payments
	Number	Number	Number	Number
£60,001 - £70,000	56	63	57	63
£70,001 - £80,000	31	25	30	25
£80,001 - £90,000	11	15	11	15
£90,001 - £100,000	13	9	13	9
£100,001 - £110,000	8	3	9	3
£110,001 - £120,000	2	3	2	3
£120,001 - £130,000	1	2	1	2
£130,000 - £140,000	1	2	-	2
£140,001 - £150,000	3	1	4	1
£160,001 - £170,000	-	2	-	2
£170,001 - £180,000	3	-	2	-
£185,001 - £190,000	-	1	-	1
£190,001 - £200,000	-	1	-	1
£250,001 - £260,000	1	-	1	-
	130	127	130	127

The total pension contributions in respect of the above staff, all of which were made to defined contribution schemes, were £664,827 (2020: £903,291).

Total emoluments of employees include, where applicable, salary, bonuses, benefits-in-kind, car allowance, payments in lieu of notice and redundancy. Total payments in lieu of notice and redundancy made to those employees who earned more than £60,000 during the year was £137,871 (2020: £30,000).

Notes to the financial statements (continued)

6. Trustees' and senior executives' remuneration

- a) During 2021 and 2020, no Trustee received any emoluments from the Trust. Incidental travelling costs of £nil (2020: £964) were reimbursed or paid on behalf of nil (2020: 9) Trustees by the Trust.
- b) The 'directorships' outlined on page 28 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 £9,055 (2020: £9,385) 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.
- d) The Key Management Personnel of the Group comprise the Trustees and the Executive Management Team as listed on page 28. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Group was £1,734,045 (2020: £1,509,478) for the year.

Notes to the financial statements (continued)

7. Intangible Assets

Group	Goodwill	Computer software	Total
	£'000	£'000	£'000
Cost			
At 1 September 2020	53,535	7,022	60,557
Additions	-	219	219
Transfers	1,422	764	2,186
Impairments	(1,440)	-	(1,440)
Reclassifications	-	740	740
Disposals	-	(205)	(205)
At 31 August 2021	53,517	8,540	62,057
Accumulated Amortisation			
At 1 September 2020	(39,655)	(6,610)	(46,265)
Charge for the year	(6,300)	(497)	(6,797)
Impairments	872	-	872
Transfers	(1,554)	(633)	(2,187)
Reclassifications	-	(429)	(429)
Disposals	-	184	184
At 31 August 2021	(46,637)	(7,985)	(54,622)
Net book value			
At 31 August 2021	6,880	555	7,435
At 1 September 2020	13,880	412	14,292

The goodwill arose on the acquisition of the majority interest in CDG-WISE Ability Limited in 2016 and the 100% interest in Ixion Holdings (Contracts) Limited and Prospects Group 2011 Limited on 30 May 2017 and 30 November 2017 respectively (see note 26). The investment and goodwill in CDG-WISE Ability was disposed of during the year.

The Prospects Group was acquired for £17.4m. Net liabilities at acquisition were £30.7m resulting in a goodwill balance on acquisition of £48.1m being recognised in the group financial statement on consolidation. This was being amortised over five years such that the remaining goodwill balance, after an impairment of goodwill, at 31 August 2021 was £5.6m.

Balances disclosed in the prior year financial statements, have been shown as transfers to better reflect the nature of the balances.

Reclassifications relate to software assets formerly shown as tangible assets.

Notes to the financial statements (continued)

7. Intangible Assets (continued)

Amortisation will occur in line with The Shaw Trust Limited accounting policies commencing on the date of acquisition with adjustments to reflect ongoing valuations of the investments.

Company	Computer software	Total
	£'000	£'000
Cost		
At 1 September 2020	6,885	6,885
Additions	165	165
Transfers	175	175
At 31 August 2021	7,225	7,225
Accumulated Amortisation		
At 1 September 2020	(6,397)	(6,397)
Charge for the year	(380)	(380)
Transfers	(2)	(2)
At 31 August 2021	(6,779)	(6,779)
Net book value		
At 31 August 2021	446	446
At 1 September 2020	488	488

Notes to the financial statements (continued)

8. Tangible Assets

Group	Freehold land and buildings	Long leasehold property	Assets under construction	Equipment and vehicles	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 September 2020	41,728	136,337	1,510	5,145	7,115	191,835
Acquisitions of academies	-	21,421	-	-	-	21,421
Additions	-	1,214	1,550	28	2,797	5,589
Transfers	(56)	47	-	(59)	9	(59)
Reclassifications	-	1,603	(1,776)	(733)	167	(739)
Disposals	(280)	-	(51)	(29)	(67)	(427)
At 31 August 2021	41,392	160,622	1,233	4,352	10,021	217,620
Accumulated depreciation						
At 1 September 2020	(4,103)	(10,059)	-	(4,566)	(5,421)	(24,149)
Charge for the year	(577)	(4,370)	-	(134)	(1,494)	(6,575)
Transfers	56	(47)	-	59	(7)	61
Reclassifications	-	-	-	593	(164)	429
Disposals	89	-	-	35	60	184
At 31 August 2021	(4,535)	(14,476)	-	(4,013)	(7,026)	(30,050)
At 31 August 2021	36,857	146,146	1,233	339	2,995	187,570
At 1 September 2020	37,625	126,278	1,510	579	1,694	167,686
Company	Freehold land and buildings	Long leasehold property	Assets under construction	Equipment and vehicles	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 September 2020	280	3,105	235	552	4,695	8,867
Additions	-	-	68	-	1,687	1,755
Transfers	-	47	-	-	10	57
Reclassifications	-	-	(173)	-	-	(173)
Disposals	(280)	-	(51)	(9)	(46)	(386)
At 31 August 2021	-	3,152	79	543	6,346	10,120
Accumulated depreciation						
At 1 September 2020	(80)	(1,397)	-	(534)	(3,832)	(5,843)
Charge for the year	(8)	(44)	-	(9)	(829)	(890)
Transfers	-	(47)	-	-	(10)	(57)
Reclassifications	-	-	-	-	-	-
Disposals	88	-	-	9	39	136
At 31 August 2021	-	(1,488)	-	(534)	(4,632)	(6,654)
Net book value						
At 31 August 2021	-	1,664	79	9	1,714	3,466
At 1 September 2020	200	1,708	235	18	863	3,024

Notes to the financial statements (continued)

8. Tangible Assets (continued)

Land and buildings transferred to Shaw Education Trust (SET) as part of the Academies programme are reflected within freehold or 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 may 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 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 Academy agreements apply is £177,809,000. (2020: £158,333,000).

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

Reclassifications relate to software assets formerly shown as tangible assets.

Balances disclosed in the prior year financial statements, have been shown as transfers to better reflect the nature of the balances.

9. Investments in Subsidiary Undertakings and Joint Ventures

Company interests in group undertakings

	2021 £'000
At 1 September 2020	19,955
Impairment	(600)
At 31 August 2021	19,355
Amortisation	
At 1 September 2020	(600)
Impairment	600
At 31 August 2021	-
Net book value	
At 31 August 2021	19,355
At 1 September 2020	19,355

Notes to the financial statements (continued)

9. Investments in Subsidiary Undertakings and Joint Ventures (continued)

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	Charity 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	SC124791	SC016414	Scotland	100%	Charity
Prospects Group 2011 Limited	7708678		England and Wales	100%	Company Limited by Shares
Ixion Holdings (Contract) Limited	6886337		England and Wales	100%	Company Limited by Guarantee
Shaw Education Trust	9067175	Exempt Charity	England and Wales	100%	Charity
ST07033535 Limited (formerly CDG-WISE Ability Limited)	7033535		England and Wales	100%	Limited by Guarantee

The registered address for all of the above subsidiaries (with the exception of the Shaw Education Trust and Forth Sector) is Black Country House, Rounds Green Road, Oldbury, B69 2DG.

The registered address for Shaw Education Trust is: Kidsgrove Secondary School, Gloucester Road, Kidsgrove, Stoke-on-Trent ST7 4DL.

The registered address for Forth Sector is: Duddingston Yards, Duddingston Park South, Edinburgh, Lothian, EH15 3NT.

Notes to the financial statements (continued)

9. Investments in Subsidiary Undertakings and Joint Ventures (continued)

The Shaw Trust share of:	Total assets	Total liabilities	Gross incoming resources	Net surplus / (deficit) of income over expenditure
	£'000	£'000	£'000	£'000
2021				
Forth Sector Limited	3,075	(3,241)	1,117	(79)
Ixion Contracts (Holding) Limited	8,346	(7,848)	12,120	(952)
Prospect Services	54,803	(91,663)	33,496	4,298
Homes2Inspire	7,138	(14,241)	20,477	(221)
Shaw Education Trust	202,330	(76,797)	113,415	6,840
Total	275,692	(193,790)	180,625	9,886
2020				
Forth Sector Limited	2,874	(1,945)	1,560	(303)
Ixion Contracts (Holding) Limited	9,487	(8,037)	14,258	399
Prospect Services	47,122	(59,945)	35,739	177
Homes2Inspire	10,609	(15,770)	16,886	3,334
Shaw Education Trust	174,836	(56,143)	106,329	18,097
Total	244,928	(141,840)	174,772	21,704

Only the material subsidiaries results have been disclosed. Homes2Inspire and Prospect Services are part of the Prospects Group.

Notes to the financial statements (continued)

9. Investments in Subsidiary Undertakings and Joint Ventures (continued)

Joint Ventures

Name of joint venture	Company Number	Country of incorporation	Percentage of control	Nature of business
The Integracja Foundation	KRS: 0000144578	Poland	50%	Charity
STAR Skills Limited	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 STAR Skills Limited is: Black Country House, Rounds Green Road, Oldbury, West Midlands, B69 2DG. STAR Skills Limited is a dormant company.

	Motivation Romania Foundation		Intergracja Foundation		Total	
The Shaw Trust Limited share of:	2021	2020	2021	2020	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Total assets	-	-	93	78	93	78
Total liabilities	-	-	(41)	(31)	(41)	(31)
Net assets	-	-	52	47	52	47
Gross incoming resources	-	-	101	119	101	119
Net surplus / (deficit) of income over expenditure	-	(998)	6	(15)	6	(1,013)

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.

Notes to the financial statements (continued)

10. Investments

As a part of the Trust's investment policy, a portion of funds available for investment was 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 were held for the medium-term and as a result, and in accordance with accounting guidance, these investments were classified as fixed assets. These investments had been liquidated in previous years.

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

	2021	2020
	£'000	£'000
At 1 September 2020	-	213
Additions to investments at cost	-	-
Disposals at carrying value	-	(213)
Loss on disposal of assets	-	-
Net gain on revaluation	-	-
At 31 August 2021	-	-

Post year end a new Investment Manager was appointed following a detailed tender process and an amount of £5m transferred, to be invested in line with our investment policy.

Notes to the financial statements (continued)

11. 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 August 2021, Palmer Gardens has a Revenue Fund of £Nil (2020: £Nil) and a Capital Fund of £579,000 (2020: £547,000). The income and expenditure account for the Revenue Fund is set out below:

Revenue Fund	2021	2020
	£'000	£'000
Turnover	821	287
Cost of sales	(292)	(249)
Gross Profit	529	38
Selling and distribution	(251)	(301)
Administration	(60)	(68)
Finance	(12)	(1)
Operating surplus / (deficit)	206	(332)
Support costs	(32)	(21)
Depreciation	(1)	(19)
Net surplus / (deficit)	173	(372)
Palmer Gardens Revenue Fund brought forward	-	-
Transfer from capital fund	1	19
Donation (to) / from The Shaw Trust Limited to Palmer Gardens	(174)	353
Balance of restricted revenue reserve (see note 19)	-	-

Notes to the financial statements (continued)

11. Palmer Gardens (continued)

The assets and liabilities for the Capital Fund are set out below:

Capital Fund	2021	2020
	£'000	£'000
Fixed assets		
Palmer Gardens	579	547
Analysis of net assets:		
Current assets – stock	123	121
Current liabilities - creditors The Shaw Trust Limited	(123)	(121)
Net current assets	-	-
Total assets less current liabilities	579	547
Funds		
Restricted capital funds	579	547
Total (see note 19)	579	547

12. Stocks

	Group		Company	
Finished goods	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Plants, shrubs, nursery and books	350	439	216	214
Shop stock	41	68	41	68
Other	35	41	35	41
Total	426	548	292	323

13. Debtors

Amounts falling due within 1 year:

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	20,350	11,111	9,737	2,018
Amounts due from group undertakings	-	-	8,620	12,205
Loans to group undertakings	-	-	100	400
Deferred tax asset	85	106	-	-
Other debtors	291	567	59	37
Prepayments and accrued income	13,200	19,004	6,102	2,509
Total	33,926	30,788	24,618	17,169

Notes to the financial statements (continued)

13b. Debtors greater than one year

Balances within Prepayments and Accrued Income have risen substantially primarily due to different timing of invoicing.

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Deferred tax asset	18,768	12,386	-	-
Loans to group undertakings	-	-	300	-
Total debtors greater than one year	18,768	12,386	300	-

14. Deferred Taxation

	2021	2020
	£'000	£'000
Accelerated capital allowances	411	75
Short term timing differences - trading	18,442	12,417
	18,853	12,492

Analysed as:

Amount due within one year	85	106
Amount due after more than one year	18,768	12,386
	18,853	12,492

Movement in year

Opening balance	12,492	10,938
Changes in deferred tax	6,361	1,554
Closing balance	18,853	12,492

The amount of the net reversal of deferred tax expected to occur next year is £nil, relating to the reversal of existing timing differences on tangible fixed assets and the origination of new timing differences on intangible fixed assets.

The group have no unrecognised deferred tax assets (2020: £nil).

15. Cash at bank and in hand

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Cash at bank and in hand	55,031	33,497	10,616	2,462

Notes to the financial statements (continued)

15. Cash at bank and in hand (continued)

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.

16. Creditors - amounts falling due within one year

	Group	Restated	Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors	5,714	2,683	1,640	894
Taxation and social security	15,402	11,504	4,093	3,427
Other creditors	7,122	3,155	4,227	-
Loans	2,247	1,233	2,000	1,000
Accruals	11,578	14,971	3,493	5,439
Deferred income	29,456	24,111	17,061	8,627
Total	71,519	57,657	32,514	19,387

Employment and Justice Contracts, amongst others, received significant funds in advance of performance which have therefore been deferred into future periods (2021: £29.5m).

Deferred Income

Group	2021	2020
	£'000	£'000
At 1 September 2020	24,111	9,016
Amounts received in year	22,903	26,790
Amounts used in year	(17,558)	(11,695)
At 31 August 2021	29,456	24,111

Company	2021	2020
	£'000	£'000
At 1 September 2020	8,627	4,629
Amounts received in year	14,304	6,076
Amounts used in year	(5,870)	(2,078)
At 31 August 2021	17,061	8,627

Notes to the financial statements (continued)

16b. Creditors - amounts falling due after one year

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Amounts falling due after one year:				
Loans and Borrowings	1,293	3,493	-	1,961
Total	1,293	3,493	-	1,961

Loans include a bank loan amounting to £2.0m (2020: £2.9m) which is secured by a fixed charge on all The Shaw Trust Limited Group assets, excluding Shaw Education Trust.

Interest accrues at a variable margin ranging between 2.25% and 3.25% over LIBOR and is payable over periods ranging between one month and six months, or any other period agreed between the company and the lender.

Transaction costs in respect of the refinancing were recognised as part of the interest expense, amortised over the term of the bank loan.

Borrowings by Forth Sector amounting to £0.8m are secured by floating charges and standard securities over the assets of that company.

17. Provision for liabilities and charges

Group	Dilapidations £'000	Other Provisions £'000	Contract Risk £'000	Total £'000
At 1 September 2020	174	-	1,950	2,124
Created during the Year	862	207	-	1,069
Unused amounts reversed during the year	-	-	(1,950)	(1,950)
Utilised during the year	(12)	-	-	(12)
At 31 August 2021	1,024	207	-	1,231

Company	Dilapidations £'000	Other Provisions £'000	Contract Risk £'000	Total £'000
At 1 September 2020	28	-	1,950	1,978
Created during the Year	374	132	-	506
Unused amounts reversed during the year	-	-	(1,950)	(1,950)
Utilised during the year	(12)	-	-	(12)
At 31 August 2021	390	132	-	522

Notes to the financial statements (continued)

17. Provision for liabilities and charges (continued)

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. Last year provision was utilised for Work Choice and Work Programme offices. Changes in contracts and a reduction in the number of delivery sites means that The Shaw Trust Limited does not need a higher dilapidations provision.

The other provisions are for non-reclaimable cost provisions on contracts.

The contract risk provision related 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 shortcomings in the record keeping on those contracts.

18. Unrestricted funds

Group	Movement in Funds				At 31 August 2021
	At 1 September 2020	Incoming	(Outgoing)	Transfer	
	£'000	£'000	£'000	£'000	£'000
Designated funds:					
Current assets fund	1,511	1,755	(1,095)	-	2,171
Total designated funds	1,511	1,755	(1,095)	-	2,171
General funds	23,555	158,082	(153,034)	356	28,959
Total unrestricted funds before pension surplus / (deficit)	25,066	159,837	(154,129)	356	31,130
Pension deficit	(64,655)	-	(6,104)	-	(70,759)
Total unrestricted funds	(39,589)	159,837	(160,233)	356	(39,629)

Company	Movement in Funds				At 31 August 2021
	At 1 September 2020	Incoming	(Outgoing)	Transfer	
	£'000	£'000	£'000	£'000	£'000
Designated funds:					
Current assets fund	1,306	1,755	(1,095)	-	1,966
Total designated funds	1,306	1,755	(1,095)	-	1,966
General funds	14,425	76,111	(70,569)	356	20,323
Total unrestricted funds before pension surplus / (deficit)	15,731	77,866	(71,664)	356	22,289
Pension deficit	(15)	-	15	-	-
Total unrestricted funds	15,716	77,866	(71,649)	356	22,289

Notes to the financial statements (continued)

18. Unrestricted funds (continued)

Group	Movement in Funds				At 31 August 2020
	At 1 September 2019	Incoming	(Outgoing)	Transfer	
	£'000	£'000	£'000	£'000	£'000
Designated funds:					
Current assets fund	1,733	104	(326)	-	1,511
Total designated funds	1,733	104	(326)	-	1,511
General funds	35,429	119,720	(131,241)	(353)	23,555
Total unrestricted funds before pension surplus / (deficit)	37,162	119,824	(131,567)	(353)	25,066
Pension deficit	(60,537)	-	(4,118)	-	(64,655)
Total unrestricted funds	(23,375)	119,824	(135,685)	(353)	(39,589)

Company	Movement in Funds				At 31 August 2020
	At 1 September 2019	Incoming	(Outgoing)	Transfer	
	£'000	£'000	£'000	£'000	£'000
Designated funds:					
Current assets fund	1,528	104	(326)	-	1,306
Total designated funds	1,528	104	(326)	-	1,306
General funds	20,612	41,180	(47,014)	(353)	14,425
Total unrestricted funds before pension surplus / (deficit)	22,140	41,284	(47,340)	(353)	15,731
Pension deficit	14	-	(29)	-	(15)
Total unrestricted funds	22,154	41,284	(47,369)	(353)	15,716

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

The pension liability arises from a number of defined benefits schemes that the Trust makes payments to in respect of certain employees to whom the Transfer of Undertakings (Protection of Employment) regulations (TUPE) applied (see note 24).

The pension deficits associated with the Staffordshire Council (LGPS), West Midland Pension Fund, Greater Manchester Pension Fund Cheshire Pension Fund and Derbyshire 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.

Notes to the financial statements (continued)

19. Restricted Funds

Group and Company	At 1 September 2020	Incoming	Movement in funds		Transfers	At 31 August 2021
			(Outgoing)	Impact of Foreign Currency Translations		
	£'000	£'000	£'000	£'000	£'000	£'000
DIG for Dinner	38	-	-	-	-	38
Doncaster Borough Council (guarantee)	250	-	-	-	-	250
Palmer Gardens Fund (Capital)	547	33	(1)	-	-	579
Palmer Gardens Fund (Revenue)	-	821	(647)	-	(174)	-
Employment Action Centre (Capital)	674	1	-	-	-	675
Disability Action Centre (Capital)	519	-	-	-	-	519
Disability Action Centre (Revenue)	3	-	-	-	-	3
Shaw Trust Clamp Hill	5	-	-	-	-	5
Aim 4 Work (Building Better Opportunities) North and East London - Delivery	-	938	(826)	-	(112)	-
Aim 4 Work (Building Better Opportunities) South London - Delivery	-	505	(448)	-	(57)	-
Get Back on Track - Islington	-	96	(83)	-	(13)	-
DLF	1,725	-	(29)	-	-	1,696
Other	3	-	-	-	-	3
Total company	3,764	2,394	(2,034)	-	(356)	3,768
Shaw Education Trust	118,669	101,171	(94,335)	-	-	125,505
The Integracja Foundation	44	101	(92)	(1)	-	52
Total group	122,477	103,666	(96,461)	(1)	(356)	129,325

Notes to the financial statements (continued)**19. Restricted Funds (continued)**

Group and Company	At 1 September 2019	Incoming	Movement in funds (Outgoing)	Impact of Foreign Currency Translations	Transfers	At 31 August 2020
	£'000	£'000	£'000	£'000	£'000	£'000
The Big Lottery Fund						
DIG for Dinner	38	-	-	-	-	38
Doncaster Borough Council (guarantee)	250	-	-	-	-	250
Palmer Gardens Fund (Capital)	566	-	(19)	-	-	547
Palmer Gardens Fund (Revenue)	-	287	(640)	-	353	-
Employment Action Centre (Capital)	674	-	-	-	-	674
Disability Action Centre (Capital)	519	-	-	-	-	519
Disability Action Centre (Revenue)	3	-	-	-	-	3
Shaw Trust Clamp Hill	5	-	-	-	-	5
DLF	1,742	-	(17)	-	-	1,725
Other	10	-	(7)	-	-	3
Total company	3,807	287	(683)	-	353	3,764
Shaw Education Trust	100,587	102,897	(84,815)	-	-	118,669
The Integracja Foundation	64	119	(135)	(4)	-	44
Motivation Romania Foundation	997	-	(997)	-	-	-
Total group	105,455	103,303	(86,630)	(4)	353	122,477

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.

Notes to the financial statements (continued)

19. Restricted Funds (continued)

Palmer Gardens is a vocational training centre and the restricted capital fund comprises £579,000 (2020: £547,000) 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 (2020: £nil).

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 Clamp Hill received donations to contribute towards client activities.

Aim4Work is funded by the European Social Fund and The National Lottery Community Fund under the Building Better Opportunities programme and forms part of their commitment to invest in local projects to tackle the root causes of poverty, promote social inclusion and drive jobs and growth.

Get Back on Track is a FREE service offering advice on employment rights to anybody in employment that lives in Islington or is registered with an Islington GP practice and is currently signed off work under a "Fit Note" or medical certificate.

Disabled Living Foundation (DLF) restricted reserves were acquired on merger in November 2014 and are to be utilised for DLF related activity only.

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 The Integracja Foundation are treated as restricted funds because those funds can only be used for charitable purposes.

Notes to the financial statements (continued)

20. Analysis of net assets between funds

	Designated	Unrestricted (including pension deficit)	Restricted	Total funds 2021	Total funds 2020
Group	£'000	£'000	£'000	£'000	£'000
Fund balances at 1 September are represented by:					
Intangible fixed assets	-	7,434	1	7,435	14,292
Tangible fixed assets	-	5,792	181,778	187,570	167,686
Share of net assets of joint ventures	-	-	52	52	47
Current assets	2,171	79,666	26,314	108,151	77,219
Current liabilities	-	(62,153)	(9,366)	(71,519)	(57,657)
Long-term liabilities	-	(549)	(744)	(1,293)	(3,493)
Provisions for liabilities and charges	-	(1,231)	-	(1,231)	(2,124)
Pension deficit	-	(70,759)	(68,710)	(139,469)	(113,081)
Total net assets at 31 August 2021	2,171	(41,800)	129,325	89,696	-
Total net assets at 1 September 2020	1,511	(41,127)	122,505	-	82,889

	Designated	Unrestricted (including pension surplus)	Restricted	Total funds 2021	Total funds 2020
Company	£'000	£'000	£'000	£'000	£'000
Fund balances at 1 September are represented by:					
Intangible fixed assets	-	446	-	446	488
Tangible fixed assets	-	1,693	1,773	3,466	3,024
Investment in joint ventures	-	19,355	-	19,355	19,355
Current assets	1,966	31,865	1,995	35,826	19,954
Current liabilities	-	(32,514)	-	(32,514)	(19,387)
Long-term liabilities	-	-	-	-	(1,961)
Provisions for liabilities and charges	-	(522)	-	(522)	(1,978)
Pension deficit	-	-	-	-	(15)
Total net assets at 31 August 2021	1,966	20,323	3,768	26,057	-
Total net assets at 1 September 2020	1,306	14,410	3,764	-	19,480

Notes to the financial statements (continued)

20. Analysis of net assets between funds (continued)

	Designated	Unrestricted (including pension deficit)	Restricted	Total funds 2020	Total funds 2019
Group	£'000	£'000	£'000	£'000	£'000
Fund balances at 1 September are represented by:					
Intangible fixed assets	-	14,277	15	14,292	22,372
Tangible fixed assets	1,511	4,334	161,841	167,686	142,824
Share of net assets of joint ventures	-	-	47	47	1,063
Current assets	-	60,475	16,744	77,219	54,846
Current liabilities	-	(50,807)	(6,850)	(57,657)	(36,425)
Long-term liabilities	-	(2,627)	(866)	(3,493)	(6,888)
Provisions for liabilities and charges	-	(2,124)	-	(2,124)	(2,112)
Pension deficit	-	(64,655)	(48,426)	(113,081)	(93,599)
Total net assets at 31 August 2020	1,511	(41,127)	122,505	82,889	-
Total net assets at 1 September 2019	1,733	(25,118)	105,466	-	82,081

	Designated	Unrestricted (including pension surplus)	Restricted	Total funds 2020	Total funds 2019
Company	£'000	£'000	£'000	£'000	£'000
Fund balances at 1 September are represented by:					
Intangible fixed assets	-	488	-	488	702
Tangible fixed assets	1,306	(22)	1,740	3,024	3,483
Investment in Joint Ventures	-	19,355	-	19,355	19,355
Current assets	-	17,930	2,024	19,954	21,718
Current liabilities	-	(19,387)	-	(19,387)	(11,700)
Long-term liabilities	-	(1,961)	-	(1,961)	(5,499)
Provisions for liabilities and charges	-	(1,978)	-	(1,978)	(2,112)
Pension deficit	-	(15)	-	(15)	14
Total net assets at 31 August 2020	1,306	14,410	3,764	19,480	-
Total net assets at 1 September 2019	1,528	20,626	3,807	-	25,961

Notes to the financial statements (continued)

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.

Members of the group without charitable status are charged corporation tax on their income and gains.

Deferred tax assets recognised by group companies are shown in note 14.

Tax charge for the year is:

	2021 £'000	2020 £'000
Total current tax	27	-
Deferred taxation		
Origination and reversal of timing differences	1,558	(208)
Adjustment in respect of prior periods	(972)	282
Impact of changes in tax rates	(4,251)	(810)
Short term timing differences	-	146
Total deferred tax	(3,665)	(590)
Tax on loss	(3,638)	(590)
Other comprehensive income items	(2,710)	(955)
Total tax charge (See note 2)	(6,348)	(1,545)

Notes to the financial statements (continued)

21. Taxation (continued)

	2021	2020
	£'000	£'000
Profit / (loss) before taxation	2,283	(2,346)
Profit / (loss) before tax multiplied by the UK Corporation Tax rate of 19%	434	(446)
Expenses not deductible for tax purposes	117	321
Qualifying charitable donations	-	(76)
Losses	-	(69)
Adjustments in respect of prior periods (current tax)	(1)	260
Adjustments in respect of prior periods (deferred tax)	17	(808)
Other timing differences	(4,205)	228
	<u>(3,638)</u>	<u>(590)</u>

22. Financial commitments

At 31 August 2021 the group and company had annual commitments under non-cancellable operating leases expiring as follows:

Group	Property		Other	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Within one year	2,836	3,116	207	188
Between one and five years	5,356	7,263	367	79
After five years	958	1,664	-	-
Total	9,150	12,043	574	267

Company	Property		Other	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Within one year	1,302	1,039	41	188
Between one and five years	1,559	1,799	38	79
After five years	52	164	-	-
Total	2,913	3,002	79	267

Other operating leases relate to motor vehicles.

Notes to the financial statements (continued)

23. Capital commitments

As at 31 August 2021 the Trust had capital commitments of £1,306k (2020: £684k).

24. Pension commitments

The Trust makes payments to the South Yorkshire Pension Scheme and the Platinum multi-employer passported scheme.

The Group also participates in five local government pension schemes (LGPS), under the umbrella of Shaw Education Trust, operated by Staffordshire Council, the West Midland Pension Fund, Greater Manchester Pension Fund, Cheshire County Council Fund and Derbyshire Pension Fund. Derbyshire Pension Fund is new this year. 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 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.

The Group also had admission agreements, through Prospects Services, with the London Pensions Fund Authority, the City of Bradford Metropolitan District Council responsible for the West Yorkshire Pension Fund, Gloucestershire County Council, Northamptonshire County Council and Wolverhampton City Council responsible for the West Midlands Metropolitan Authorities Pension Fund and Leicestershire County Council all of whom administer funds as part of the Local Government Pension Scheme (LGPS). The LGPS is a multi-employer statutory defined benefit pension scheme and the scheme members have a statutory right to their accrued benefits.

The Group's assessed share of the fair value of the assets of the schemes were:

Notes to the financial statements (continued)

24. Pension commitments (continued)

Year ended 31 August 2021	Total Share of scheme assets	Present value of scheme liabilities	Asset ceiling	Net pension deficit
	£'000	£'000	£'000	£'000
South Yorkshire Pension Scheme (The Shaw Trust)	3,512	(3,165)	(347)	-
Platinum Pension Scheme (The Shaw Trust)	1,530	(1,316)	(214)	-
Staffordshire Council (LGPS), West Midland Pension Fund, Greater Manchester Pension Fund, Cheshire County Council Fund and Derbyshire Pension Fund (Shaw Education Trust)	57,046	(125,756)	-	(68,710)
London Pensions Fund Authority, the City of Bradford Metropolitan District Council, Gloucestershire County Council, Northamptonshire County Council, Wolverhampton City Council and Leicestershire County Council (Prospect Services)	148,820	(217,362)	(2,217)	(70,759)
At 31 August 2021	210,908	(347,599)	(2,778)	(139,469)

Year ended 31 August 2020	Total Share of scheme assets	Present value of scheme liabilities	Net pension (deficit) / surplus
	£'000	£'000	£'000
South Yorkshire Pension Scheme (The Shaw Trust)	3,037	(3,093)	(56)
Platinum Pension Scheme (The Shaw Trust)	1,243	(1,202)	41
Staffordshire Council (LGPS), West Midland Pension Fund, Greater Manchester Pension Fund, Cheshire Pension Fund and Derbyshire Pension Fund (Shaw Education Trust)	38,324	(86,750)	(48,426)
London Pensions Fund Authority, the City of Bradford Metropolitan District Council, Gloucestershire County Council, Northamptonshire County Council, Wolverhampton City Council and Leicestershire County Council (Prospect Services)	135,927	(200,567)	(64,640)
At 31 August 2020	178,531	(291,612)	(113,081)

Notes to the financial statements (continued)

24. Pension commitments (continued)

	Assets	Liabilities	Asset ceiling	2021 Total
	£'000	£'000	£'000	£'000
Deficit in the scheme as at 1 September 2020 (restated)	178,531	(289,392)	(2,261)	(113,122)
Acquired in year	4,461	(7,961)	-	(3,500)
Administration expenses	(219)	-	-	(219)
Benefits paid	(5,327)	5,327	-	-
Employer contributions	5,577	(133)	-	5,444
Contribution from employees	930	(929)	-	1
Current service cost	27	(9,044)	-	(9,017)
Past service costs including curtailments	-	(11)	-	(11)
Settlements	288	(484)	-	(196)
Interest income / (expense)	2,948	(4,877)	-	(1,929)
Change in asset ceiling	-	-	(517)	(517)
Re-measurement gains / losses				
- Actuarial loss	8,504	(41,118)	-	(32,614)
- Other assumptions	-	1,023	-	1,023
- Return on plan assets excluding interest income	15,188	-	-	15,188
Deficit in the scheme as at 31 August 2021	210,908	(347,599)	(2,778)	(139,469)

Company

Year ended 31 August 2021

	Total Share of scheme assets	Present value of scheme liabilities	Asset ceiling	Net pension (deficit) / surplus
South Yorkshire Pension Scheme	3,512	(3,165)	(347)	-
Platinum Pension Scheme	1,530	(1,316)	(214)	-
At 31 August 2021	5,042	(4,481)	(561)	-

	Total Share of scheme assets	Present value of scheme liabilities	Asset ceiling	Net pension (deficit) / surplus
Year ended 31 August 2020				
	£'000	£'000	£'000	£'000
South Yorkshire Pension Scheme	3,037	(3,093)	-	(56)
Platinum Pension Scheme	1,243	(1,202)	-	41
At 31 August 2020	4,280	(4,295)	-	(15)

2020 comparatives have been restated for the effect of an Actuarial re-measurement of the Defined Benefits pension scheme.

Notes to the financial statements (continued)

24. Pension commitments (continued)

South Yorkshire Pension Scheme

	2021	2020
Expected rate of salary increases	3.95%	3.65%
Expected rate of increase of pensions in payments	2.8%	2.5%
Rate of inflation	2.7%	2.4%
Discount rate	1.7%	1.7%

The mortality assumptions used were as follows:

Longevity at age 65 for current pensioners:

- Men	87.5	87.4
- Women	90.3	90.2

Longevity at 65 for future pensioners:

- Men	89.0	88.9
- Women	92.2	92.1

Reconciliation of scheme assets and liabilities:

	Assets £'000	Liabilities £'000	Asset ceiling £'000	Total £'000	2020 £'000
Deficit in the scheme as at 1 September 2020	3,037	(3,093)	-	(56)	(20)
Benefits paid	(69)	69	-	-	-
Employer contributions	3	(3)	-	-	9
Contribution from employees	1	-	-	1	-
Current service cost	-	(22)	-	(22)	(21)
Past service cost	-	-	-	-	(22)
Interest income / (expense)	51	(52)	-	(1)	(1)
Change in asset ceiling	-	-	(347)	(347)	-
Re-measurement gains / losses					
- Actuarial gain	489	-	-	489	59
- Other assumptions	-	(64)	-	(64)	(63)
- Return on plan assets excluding interest income	-	-	-	-	3
Surplus in the scheme as at 31 August 2021	3,512	(3,165)	(347)	-	(56)

Notes to the financial statements (continued)

24. Pension commitments (continued)

Total cost recognised as expense:	2021	2020
	£'000	£'000
Current service cost	22	21
Interest cost	1	1
	23	22

	Value at 31 August 2021	Value at 31 August 2020
	£'000	£'000
Equities	1,700	1,441
Bonds	485	446
Gilts	260	267
Property	302	255
Cash	35	109
Other	730	519
Total market value of assets	3,512	3,037
Present value of scheme liabilities	(3,165)	(3,093)
Scheme surplus / (deficit)	347	(56)
Asset ceiling	(347)	-
Net pension deficit	-	(56)

The return on the plan assets was:

	2021	2020
	£'000	£'000
Interest income	51	54
Return on pension scheme assets less interest income	-	3
Total return on plan assets	51	57

Notes to the financial statements (continued)

24. Pension commitments (continued)

Platinum Pension Scheme

The Trust joined the Platinum multi-employer passported pension scheme in October 2010 in order 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 2016. The results of that valuation have been projected to 31 March 2019 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 two years are:

	2021	2020
Expected rate of salary increases	N/A	N/A
Expected rate of increase of pensions in payments	3.15%	3.0%
Rate of inflation	2.15%	1.9%
Discount rate	1.70%	1.6%

The mortality assumptions used were as follows:

Longevity at age 65 for current pensioners:

- Men	87.2	87.0
- Women	89.5	89.3

Longevity at 65 for future pensioners:

- Men	88.5	88.7
- Women	90.9	91.0

Reconciliation of scheme assets and liabilities:

	Assets £'000	Liabilities £'000	Asset ceiling £'000	Total £'000	2020 Restated £'000
Deficit in the scheme as at 1 September 2020 (restated)	1,243	(1,202)	(41)	-	-
Administration expenses	(22)	-	-	(22)	(21)
Benefits paid	(11)	11	-	-	-
Employer contributions	100	-	-	100	45
Interest income / (expense)	20	(19)	-	1	1
Change in asset ceiling	-	-	(173)	(173)	(7)
Re-measurement gains / losses					
- Actuarial gain / (loss)	-	(106)	-	(106)	15
- Return on plan assets excluding interest income	200	-	-	200	(33)
Surplus in the scheme as at 31 August 2021	1,530	(1,316)	(214)	-	-

Notes to the financial statements (continued)

24. Pension commitments (continued)

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

	2021 Total	2020 Total Restated
	£'000	£'000
Equities	9	518
Bonds	737	264
Gilts	780	240
Other	4	221
Total market value of assets	1,530	1,243
Present value of scheme liabilities	(1,316)	(1,202)
Scheme surplus	214	41
Asset ceiling	(214)	(41)
Total pension surplus	-	-

The return on the plan assets was:

	2021	2020
	£'000	£'000
Interest income	20	23
Return on pension scheme assets less interest income	200	(33)
Total return on plan assets	220	(10)

2020 comparatives have been restated for the effect of an Actuarial re-measurement of the Defined Benefits pension scheme. Of the resulting £41k gain, all £34k relates to the prior year and results in the consequential restatement of 2020 comparatives throughout these financial statements.

Notes to the financial statements (continued)

24. Pension commitments (continued)

Staffordshire Council (LPGS), West Midland Pension Fund, Greater Manchester Pension Fund, Cheshire Pension Fund and Derbyshire Pension Fund form the pension scheme for Shaw Education Trust.

(Shaw Education Trust Pension Schemes)

Staffordshire Council (LGPS)

Principal actuarial assumptions:

	2021	2020
Expected rate of salary increases	3.30%	2.6%
Expected rate of increase of pensions in payments	2.90%	2.2%
Rate of inflation	2.90%	2.2%
Discount rate	1.65%	1.7%

The mortality assumptions used were as follows:

Longevity at age 65 for current pensioners:		
- Men	86.4	86.2
- Women	89.0	88.6
Longevity at 65 for future pensioners:		
- Men	87.5	87.1
- Women	90.7	90.0

West Midland Pension Fund

Principal actuarial assumptions:

	2021	2020
Expected rate of salary increases	3.90%	3.3%
Expected rate of increase of pensions in payments	2.90%	2.7%
Rate of inflation	2.90%	2.3%
Discount rate	1.65%	1.6%

The mortality assumptions used were as follows:

Longevity at age 65 for current pensioners:		
- Men	86.6	86.9
- Women	89.0	89.1
Longevity at 65 for future pensioners:		
- Men	88.4	88.8
- Women	90.8	90.1

Notes to the financial statements (continued)

24. Pension commitments (continued)

Greater Manchester Pension Fund

Principal actuarial assumptions:

	2021	2020
Expected rate of salary increases	3.65%	3.0%
Expected rate of increase of pensions in payments	2.90%	2.1%
Rate of inflation	2.90%	2.2%
Discount rate	1.65%	1.0%

The mortality assumptions used were as follows:

Longevity at age 65 for current pensioners:		
- Men	85.5	85.5
- Women	88.3	88.1
Longevity at 65 for future pensioners:		
- Men	86.9	87.0
- Women	90.3	90.0

Cheshire Pension Fund

Principal actuarial assumptions:

	2021	2020
Expected rate of salary increases	3.60%	2.9%
Expected rate of increase of pensions in payments	2.90%	2.2%
Rate of inflation	2.90%	2.2%
Discount rate	1.65%	1.7%

The mortality assumptions used were as follows:

Longevity at age 65 for current pensioners:		
- Men	86.4	86.2
- Women	89.0	88.6
Longevity at 65 for future pensioners:		
- Men	87.4	86.9
- Women	90.7	90.0

Notes to the financial statements (continued)

24. Pension commitments (continued)

Derbyshire Pension Fund

Principal actuarial assumptions:

	2021	2020
Expected rate of salary increases	3.60%	2.9%
Expected rate of increase of pensions in payments	3.60%	2.2%
Rate of inflation	2.90%	2.2%
Discount rate	1.65%	1.7%

The mortality assumptions used were as follows:

Longevity at age 65 for current pensioners:		
- Men	86.3	86.6
- Women	88.9	88.7
Longevity at 65 for future pensioners:		
- Men	87.5	87.6
- Women	90.8	90.1

Share of assets in the above schemes (Staffordshire Council (LGPS), West Midland Pension Fund, Greater Manchester Pension Fund, Cheshire Pension Fund and Derbyshire Pension Fund) was:

	Value at 31 August 2021	Value at 31 August 2020
	£'000	£'000
Equities	38,684	24,681
Corporate bonds	11,081	7,901
Property	4,086	3,040
Cash and other liquid assets	2,289	2,082
Other assets	905	620
Total market value of assets	57,045	38,324
Present value of scheme liabilities	(68,710)	(86,750)
Net pension deficit	(11,665)	(48,426)

Notes to the financial statements (continued)

24. Pension commitments (continued)

Total cost recognised as an expense:

	Value at 31 August 2021	Value at 31 August 2020
	£'000	£'000
Current service cost	8,098	6,319
Past service cost	11	333
Interest income	(765)	(982)
Interest cost	1,650	1,442
Total operating charge	8,994	7,112

London Pensions Fund Authority, the City of Bradford Metropolitan District Council, Gloucestershire County Council, Northamptonshire County Council, Wolverhampton City Council and Leicestershire County Council (Prospects Service Pension Schemes)

The actuarial valuations for the company have been updated to 31 August 2021 by qualified independent actuaries. The major assumptions used across the schemes described above, were:

	2021	2020
Expected rate of salary increases *	2.8 – 2.9%	2.2% - 2.8% plus PSS
Expected rate of increase of pensions in payments	3.2 – 3.9%	1.5% - 3.4%
Rate of inflation	1.9 – 2.0%	2.0% - 2.3%
Discount rate	1.6 – 1.65%	1.6% - 1.7%
PSS = Promotional salary scale		
The mortality assumptions used were as follows:		
Longevity at age 65 for current pensioners:		
- Men	87.7 – 87.0	86.0 - 87.0
- Women	89.0 – 89.4	88.7 - 89.4
Longevity at 65 for future pensioners:		
- Men	87.9 – 88.7	87.3 - 88.7
- Women	90.1 – 91.1	90.1 - 91.1

* London Pensions Fund Authority and Platinum schemes are now closed to active members and therefore the rate on increase in salaries is zero.

Notes to the financial statements (continued)

24. Pension commitments (continued)

Reconciliation of scheme assets and liabilities:

	Assets	Liabilities	Asset ceiling	Total	2020
	£'000	£'000	£'000	£'000	£'000
Deficit in the scheme as at 1 September 2020 (restated)	135,927	(198,347)	(2,220)	(64,640)	(60,551)
Administration expenses	(197)	-	-	(197)	(153)
Benefits paid	(4,755)	4,755	-	-	-
Employer contributions	825	(130)	-	695	1,485
Contribution from employees	(107)	107	-	-	-
Current service cost	27	(924)	-	(897)	(1,668)
Past service cost	-	-	-	-	(1)
Interest income / (expense)	2,112	(3,156)	-	(1,044)	(1,086)
Change in asset ceiling	-	-	3	3	-
Re-measurement gains / losses					
- Actuarial gain loss	-	(20,754)	-	(20,754)	(7,859)
- Other assumption	-	1,087	-	1,087	(1,344)
- Return on plan assets excluding interest income	14,988	-	-	14,988	6,537
Surplus in the scheme as at 31 August 2021	148,820	(217,362)	(2,217)	(70,759)	(64,640)

The actual return on plan assets over the period ending 31 August 2021 was £13,944,000 (2020: £5,484,000).

2020 comparatives have been restated for the effect of an Actuarial re-measurement of the Defined Benefits pension scheme. Of the resulting £2,220k loss, £1,594k relates to the prior year and results in the consequential restatement of 2020 comparatives throughout these financial statements.

25. Business combinations

Academy conversions: Shaw Education Trust (SET)

SET was incorporated as a wholly owned subsidiary on 2 June 2014 as a Multi Academy Trust to affect the sponsorship of three special schools / academies in Staffordshire.

During the year a further three schools were converted to SET (2019–20: four) and another existing academy transferred. The figures are shown in the following table.

- 1) Woodhey High School – transferred 1 October 2020.
- 2) Endon High School – transferred 1 November 2020.
- 3) Waterside Primary School – transferred 1 February 2021.

Notes to the financial statements (continued)

25. Business combinations (continued)

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 SET has been fully consolidated into the Group financial statements from their date of transfer.

The tangible fixed assets relate to property which was valued at the point of transfer and recorded as a donation received in the group statement of financial activities.

The net assets acquired have been recorded as a donation received in the Group statement of financial activities. This relates to Shaw Education Trust (SET).

	2021 Total	2020 Total
	£'000	£'000
Fixed assets - tangible fixed assets	21,421	20,716
Cash at bank	1,460	1,239
Liabilities < 1 year	-	(57)
Pension liability	(3,500)	(8,224)
Net assets acquired	19,381	13,674
Acquisition Cost	-	-
Goodwill arising from acquisition	-	-

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

	2021 Total	2020 Total
	£'000	£'000
Total incoming resources	10,661	10,132
Outgoing resources	(10,963)	(8,802)
Net incoming resources for the period	(302)	1,330
Donation of net assets	19,381	13,674
Group net incoming resources derived from acquired activities	19,079	15,004

Notes to the financial statements (continued)

26. Related Party Transactions

All related party transactions between regulated and non-regulated entities are disclosed below.

All related party transactions with third parties are disclosed below.

Intra Group Balances	2021 £'000	2020 £'000
Forth Sector	(2,464)	(1,587)
Forth Sector Development Limited	196	252
Homes2Inspire Limited	(12,774)	(13,566)
Ixion CG Limited	1	0
Ixion Contracts (Holdings) Limited	(633)	(1,041)
Optimus Education Limited	(1,780)	(160)
Prospects Education Services Limited	(1,885)	(1,885)
Prospects Group (2011) Limited	(4,783)	(4,783)
Prospects Services	16,228	10,912
The Shaw Trust Limited	8,620	11,666
Shaw Trust Services Limited	(1,349)	(431)
Ixion Social Enterprises	623	623
	<hr/>	<hr/>
	-	-

Notes to the financial statements (continued)

26. Related Party Transactions (continued)

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 period ended 31 August 2021. These transactions were as a result of normal business activity.

Related Party	Value of revenue received from Related Party	Outstanding revenue balance at 31 August 2021	Value of expenditure made to Related Party	Outstanding expenditure balance at 31 August 2021
Brookfield Special School (relating to V Blakeman – school governor)	594	594	-	-

27. Financial Instruments

		Group		Company	
	Note	2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Financial Assets					
Trade debtors	13	20,350	11,111	9,737	2,018
Intercompany		-	-	8,620	12,205
Other debtors	13	291	567	59	37
Total Financial Assets		20,641	11,678	18,416	14,260
Financial Liabilities					
Trade creditors	16	5,714	2,683	1,640	894
Other creditors	16	7,122	3,155	4,227	-
Loans	16/16b	3,540	4,726	2,000	2,961
Accruals	16	11,578	25,105	3,493	5,439
Total Financial Liabilities		27,954	35,669	11,360	9,294

Notes to the financial statements (continued)

28. Post Balance Sheet Events

During the year and continuing post year end Covid-19 has had a significant impact on the operations of the Trust and its activities. In particular the Charity Shops, Garden Centres and Enterprise operations have seen a higher impact than others with a number of employees having been furloughed in these areas, although this relief has since ended. The Trust continues to outperform its business plan and is confident that it has sufficient financial and operational resources to operate through the ongoing impact of this period of disruption.