

THE SHAW TRUST LIMITED

Annual report and financial statements

For the year ended 31 August 2023

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

CONTENTS

Strategic Report	1
Independent Auditor's Report	26
Consolidated statement of financial activities	29
Group and Company Balance Sheets	30
Group statement of cash flows	32
Notes to the financial statements	44

Strategic report

Our Mission

To help individuals facing barriers to work and social inclusion to achieve their full potential.

To multiply our social impact by delivering innovative system-change partnerships and programmes.

Strategy

To deliver our mission, the Trust will grow and leverage areas where we can generate the greatest social benefit while being a sustainable and financially robust driver of change. In particular:

- We are impact and not profit motivated. We will offer effective services at a fair price.
- We will focus on integrating whole-of-care services around the needs of the individual, promoting holistic service design and support where possible. The outcome of this will be a seamless portfolio of services and programmes that are locally based and nationally scalable.
- We will work with stakeholders to be their partner of choice while also partnering with other organisations to pursue the best possible outcomes and solutions nationwide.
- We will strive for meaningful system change and drive innovations for society in the care and services we provide.
- We will maintain and grow our scale and impact while ensuring a balanced portfolio to provide robustness and resilience across the Group. In particular, we will avoid over-dependency on any single commissioner or contract.

Shaw Trust has made strong progress against its 10-year Strategic Intent, supporting individuals facing barriers to work and social inclusion so that they can achieve their full potential. Shaw Trust achieves this through the following areas:

- Children's care homes, fostering and youth services.
- Education academies, education to employment pathways and employment services.
- Community Health and Wellbeing.
- The Foundation.

In Children's Homes maintaining a high quality, safe and impactful service is our key priority and therefore we are proud to continue to significantly outperform the market with 92% of homes rated Outstanding or Good against the average of 79%. This year also marked the successful mobilisation of our groundbreaking work with Somerset Council, with the new partnership receiving the prestigious Municipal Journal Award. This, in combination with innovations in other co-designed children's services, marks a significant milestone in our strategy of leading the market to establish high quality, affordable and accessible services across the country. We aim for many more of these long-term partnerships to be launched over the coming years.

Our innovation to drive system-change is also reflected in our Employment Services. As JETS came to an end and other programmes start to enter wind-down, our strategy has focused on evidencing our value and leading in the next round of programmes. We have

achieved this with the launch of WHP Pioneer, which seeks new ways for individuals to access meaningful employment. We have also achieved growth of our Education offering with the opening of new and specialised schools, and the evolution of hybrid learning post-Covid in our Education to Employment Pathways.

Community Health and Wellbeing remains a key growth area as increasing demand and complex requirements place strain on local and national services. Over the year Shaw Trust has renewed and been awarded many new contracts due to being able to offer tailored clinical care while also drawing on our breadth of experience across the Group, allowing us to enhance the services and experiences of our clients. We are extremely pleased with the effectiveness of our programmes, with 94% on Live Well Kent and Medway reporting maintained or improved wellbeing. We will target next year the roll-out of similar, high impact programmes and deepen our social impact reporting.

Overall, in the face of increasing pressures on personal and government finances following a decade of austerity and the impact of Covid-19, the demand for high quality services at an affordable price continues to drive demand for the charity's services.

Shaw Trust will continue to invest in capacity while, where appropriate, divesting non-core assets to maintain strategic focus and build-up strategic reserves. The sale of Shaw Trust Services in September 2023 and Optimus Education in April 2024 being a examples of this.

Operational Review

Children's Homes and Fostering Services

Our residential care services for children and young people is delivered by Homes2Inspire Limited. The Homes2Inspire delivery model is based on co-designing services with local authorities to meet local need.

Homes2Inspire provides three core services:

1. Residential care in 45 registered children's homes, accommodating up to 142 children.
2. Foster care in 21 foster families.
3. Supported accommodation comprising of 38 self-contained flats in two locations.

In addition, working with local authority partners we have co-designed two unique services:

1. Well-being suites. This health care service has been co-designed with Gloucestershire County Council. It accommodates children and young people with complex mental health needs.
2. A therapeutic education service. This unique provision has been co-designed with Somerset NHS Foundation Trust and Somerset Council. It provides a full education curriculum delivered within a trauma informed model.

Our fostering service is branded as Fostering2Inspire, and our Somerset strategic partnership is branded as Homes and Horizons.

Homes2Inspire continues to pursue a strategy of growth through partnership. Over the last year, we have opened four children's homes, a fostering service, and a therapeutic education service.

Homes2Inspire has achieved this growth without any reduction in the quality of our services. Our children's homes are inspected at least once a year by Ofsted. 92% are rated Good or Outstanding. This is significantly above the national average and a key target to evidence our dedication to care.

Our fostering agency is inspected every three years by Ofsted. We were pleased to maintain a Good rating at our May 2023 inspection. During 2024, our Somerset based foster care team will register with Ofsted as our second independent fostering agency.

Our supported accommodation services have both registered with Ofsted under new Supported Accommodation regulations. Ofsted will begin its inspection of these services from April 2024.

The Care Quality Commission (CQC) undertook an inspection of our well-being suites in February 2023, awarding the service a Good rating.

The coming year will continue to present opportunities and challenges. To achieve growth while maintaining high standards of care, we will focus on our recruitment strategies and management development programmes. Although our staff vacancy levels are lower than sector averages, we will continue to develop strategies to improve staff recruitment and retention.

We will continue to innovate through strategic partnerships so that we can address systemic issues in the children's residential sector. It is our intention to increasingly shift the market to this model. Through innovation and partnership, we will continue to provide the right services, in the right place, for the right price.

Children's Services

Children and Young People Services (CYPS) is fundamental to The Shaw Trust mission. It has considerable reach e.g., in 2022/23, it delivered over 200,000 interventions to 100,000 young people of whom 74% were complex and vulnerable, supporting them with transition from education to employment.

CYPS services are designed to remove the barriers to employment faced by young people e.g., mental health, low qualifications, disrupted education/family life, caring responsibilities, care experienced, early years trauma, SEND or known to criminal justice.

Our delivery is underpinned by the principles of trauma informed, resilience based, outcomes focused, and young person led.

Our delivery across London, Norfolk, West Midlands, Gloucestershire, Stoke-on-Trent, and Wakefield enables local authorities, schools, and colleges to achieve their statutory responsibilities related to 16- and 17-year-olds participating in learning. 90% of our delivery is within the highest performing 20% of local authorities in England.

We hold a growing portfolio of Supported internship contracts, with two new areas, London Boroughs of Wandsworth, and Bexley mobilised at the end of 2022/23. There are 108 young people on the programme in York, London, Reading and Transport for London, with 70% progressing into sustainable employment. Our programmes are aimed at and designed for young people who are neurodiverse, and our employment placements are focused within hospitality, administration, and the service industries.

We are in our seventeenth year of running a successful Youth Support Team (YST) across Gloucestershire. The contract delivers the local authority's statutory obligations related to NEET, youth justice, youth work, exploitation, missing from social care, substance misuse and health. We are a key partner in the Staying Close initiative, providing resilience and wellbeing coaching to support 80 care leavers leaving care from a children's home to make a better transition into employment and housing in Gloucestershire. In addition, our Fuel Thursday wellbeing programme delivered in partnership with Cheltenham Town FC, supports 150 young people in the most socially deprived ward of Cheltenham to cook a nutritious meal, access sports coaching, share their concerns with youth workers and work towards a qualification in community sports coaching and food hygiene/handling.

As the largest provider of statutory careers guidance, we grew the number of schools purchasing our services by 10% last year and intend to do the same year on year over the next three years.

The UK Government's intention to double the number of Supported internships available has informed our target of doubling our provision from 10 to 20 programmes by 2026. We have achieved 20% of that target with the acquisition of contracts in Wandsworth and Bexley.

We have designed an affordable package, available via the commercial sales route for the poorest performing 30 local authorities to enable local authorities to meet their statutory duties related to 16- and 17-year-olds participating in learning.

In readiness for the potential set up of school and community based mental health hubs, we have collaborated with The Shaw Trust Community Health and

Wellbeing division to design a three-tier mentoring product (peer mentoring, professional mentoring and referral to clinical support) and selling it via inclusion in formal bids and tenders alongside a commercial sales route. It forms the basis of our Gloucestershire Staying Close provision.

Our aim is to continue to deepen the pathways for young people across The Shaw Trust, whether that be through greater supported internship opportunities or access to health and wellbeing support.

Education

Shaw Education Trust

The Shaw Education Trust (SET) operates twenty-nine academies and one Specialist Independent College for 11,634 pupils aged 2-25 years across Staffordshire, Stoke-on-Trent, Birmingham, Wolverhampton, Bury, Wigan, Halton, and Derby. The Trust also operates a SCITT. The total comprises 12 specialist provisions (including an Independent Specialist College, Newfriars, which caters for young adult learners aged 16-25 years old); seven primary academies and nine secondary academies. During the year, the Trust onboarded one special school, Portland. SET will open its Free School (Specialist) in Bury in January 2024, and plans for three additional conversions of schools into the Trust in the 2023/24 financial year.

We work our hardest to improve, accelerate and enable ambitious life goals for all young people. We have around 2,500 staff who help the pupils realise their potential and achieve their ambitions at academies in all key stages, from Foundation to Key Stage 5 in both special and mainstream education.

SETs business plan includes a detailed strategy for further growth from a

mid-sized multi-academy trust to a large and leading provider of education across several geographical footprints. SET seeks to expand to a minimum of 45-50 schools by 2030. It is envisaged that our portfolio of schools would span all phases and all sectors across two major regions, North-West and Midlands. SET keenly explores any potential prospects to which we can add value; who share our vision and values; that align with broadening our existing footprint; enable us to be innovative and creative; and give us the chance to change the life chances of the most disadvantaged/vulnerable young people.

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 Education

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.

Working with more than 5,700 schools, Optimus Education is supporting more than 80,000 school staff in their professional development and reaching more than 1.7 million pupils.

Optimus Education offers a wide range of supportive services and products to schools and educational establishments; these include CPD certificated training courses, whole-school awards, CPD conferences, award ceremonies, and bespoke consultancy personalised to the needs of the school.

Conferences remains one of the largest revenue streams and is fully recovered post the Covid-19 pandemic. The Awards business continues to grow with over 2,000 schools now accredited or working towards an award. There has been increased demand for face-to-face consultancy post-Covid and membership retention rates remain in line with expectations.

The market and performance against targets remain challenging in a post-Covid, budget constrained environment. However, we continue to see organic growth in the key markets as well as through strategic partnerships both in the UK and overseas. Going forward Optimus has been sold as a going concern with a bright future under new leadership.

Education to Employment Pathway

The division continued to deliver a range of skills and training. These included apprenticeships, 16-19 study programmes and Advanced Learner Loans and skills support for the employed and unemployed.

In 2023 we supported 5,200 people of different attainment levels to progress and gain qualifications and employment through Apprenticeships, Higher Apprenticeships, Adult Skills and 16-19 study programmes, with a range of qualifications from entry level up to Level 6 to support those who want to progress within work, or those who want to enter work. Within apprenticeships 94% secured sustainable employment.

Of the 5,200, 73% of those learners progressed into 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 (EFSA); local authority funding, the Department for Work and Pensions (DWP) along with The National Lottery Community Fund, Charities Aid Funding, and commercial funding.

Revenue in the year decreased from the prior year mainly through some of the government funded contracts coming to an end. The Trust has continued to establish a strong track record and reputation of high-quality delivery within government commissioners, key stakeholders, and employers.

One of the notable points of the year was the achievement of a strong 'Good' Ofsted rating with commendation given on the leader's ability to drive rapid improvement and transformational change. This was an excellent result and in line with our targets. Post Ofsted inspection, the focus during remainder of the year has been to stabilise Learning and Skills (L&S) with contracts coming to an end.

Regional growth plans are in place which allows us to drive and grow delivery in priority sectors and key regions established via commissioners and employers through LSIPs (Local skills improvement plans). Collaboration continues with local authorities across key regions to identify opportunities for devolved funding.

Post pandemic there has been increased demand for hybrid learning with many learners accessing remote delivery. This has resulted in moving away from some physical sites. Learners continue to be supported with their personal development, behaviour and welfare, and their safety and safeguarding of their wellbeing is fully supported as are any additional SEND needs. This includes access to additional resources, mentoring, training, and signposting to specialist services.

Employment

Provision consists of several contracted services focused on supporting unemployed adults to secure sustainable good work. These contracts require the delivery of a range of services for 15 months to overcome complex and challenging 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. 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 a diverse supply chain. Supply chain partners either work as an end-to-end provider within a set geographical area or as a specialist interventions provider. The supply chain compliments and expands our own services delivery.

We are the largest provider 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 (WLA). 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.

In November 2022 WHP was extended for two additional years. This extension provides The Shaw Trust with an opportunity to provide support to an

additional 29,500 individuals with health conditions and disabilities.

The WHP contracts delivered by The Shaw Trust saw 18,223 unemployed participants start on the programme in the year to August 2023. These participants were provided with a tailored support package to move them towards employment. In the same period, we helped 6,703 participants enter paid employment because of this support.

The Shaw 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 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 1,162 new participants. In the same period, we helped 403 participants enter paid employment because of this support.

The DWP launched WHP Pioneer on 13 September 2023. This extension of WHP is seen as the latest phase of the Department for Work and Pensions Universal Support and lends itself to a 'place and train' approach championed in Individual Placement Support (IPS) contracts. Our focus is to learn from new ways of working in WHP Pioneer, grow our community networks further to access and engage as many economically inactive people as possible. This will see an additional

8,371 participants supported until December 2025 and our participation is in line with our targets and vision to remain a leading provider of employability services across the UK.

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. The area cuts across education, skills employment and wellbeing, both within institutions and beyond the gate are all important elements of the rehabilitation process.

The Trust operates seven of the 18 CFO3 contracts for His 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 6,778 new offenders, providing specific support, skills, and training to clients in prisons and the community, resulting in over 3,371 accreditations and more than 644 jobs.

In addition to the CFO3 programme, we also operate three CFO Activity Hub contracts, providing 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). During the period, we have supported over 2,036 new offenders; 2,030 Human/Citizenship interventions have been delivered, 3,424 community and social interventions and 440 interventions and services to reduce recidivism. Feedback from participants is incredibly positive, with comments such as:

“The Shaw Trust provides a safe and supportive environment where I can share my struggles without judgement” and “The Shaw Trust gave me the support and belief in myself that I desperately needed, I never thought I’d find a job, let alone feel this confident and connected to others”.

We continue to perform well on our Dynamic Purchasing System (DPS) Information Advice and Guidance (IAG) contracts adding more to our portfolio in the period, including regaining the West Midlands and London groups of prisons. In addition, our HMYOI Feltham Education 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. During the year we worked with more than 250 learners at Feltham, who collectively achieved more than 1,000 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, a highlight being a 90% participation rate in our range of King Coronation activities.

We currently have a number of contracts in the renewal cycle (CFO Evolution and CIAG) and our aim is to continue to be a leading provider for

HMMPS and of these contracts. Results are expected before the end of the next financial year.

Community Health and Wellbeing

Shaw Trust’s Community Health and Wellbeing division focuses on enabling the better management of mental and physical health conditions using the biopsychosocial model of support. It is a complex division with multiple stakeholders, commissioners, and contractual relationships. The people we support have challenging behavioural issues, complex mental health conditions, long-term health conditions, learning disabilities and co-morbidity illnesses. Our people support them by helping them to:

- Manage their conditions.
- Enable them to gain employment.
- Retain work if their health condition is impacting them keeping their job.
- Return to work when they have been absent due to ill health, through innovative interventions.

Our approach enables improvement in people’s wellbeing and in turn increases their ability to cope with the challenges they face at home, in work and in their communities.

We also support those people with long-term health conditions and disabilities to take meaningful steps towards the world of work. This is done through work placements, Supported internships, supported employment, advice about independent living aids, and volunteering. We do this across our 24 charity retail shops, six social enterprises sites, two garden centres, our Accessibility Service, Living Made Easy service, and St Jude’s Laundry (part of Forth Sector).

We deliver Individual Placement and Support services (IPS), Community Wellbeing services, learning disability day opportunities and Living Made Easy (LME) licenses through 140 different contracts held with 74 different commissioners.

The remaining income is commercial sales generated through:

- Sale of specialist training to employers and local authorities by LME.
- 24 charity retail shops selling donated goods to the general public.
- Accessibility Services selling digital accessibility audits to organisations.
- Sales of plants to the public in our social enterprises and garden centres.
- Laundry sales to organisations via Forth Sector (FS).

In addition, a team of clinical practitioners deliver support to people around their health conditions. This support includes the assessment and delivery of interventions (such as counselling) to enable them to manage those conditions and progress.

The expansion of the division continued in 2022/23 whereby:

- We were awarded:
 - Three new contracts in West London, West Midlands and South Yorkshire which were through the joint Department for Work and Pensions and the Department for Health and Social Care's Individual Placement and Support in Primary Care (IPSPC) initiative.

- The Live Well Kent and Medway service covering West Kent, Medway and Swale following seven years of successful delivery in West Kent, Ashford, Canterbury, and coastal areas.

- The Complex Patient Triage service in Suffolk alongside our successful Connect for Health service.

- We achieved expansions for additional teams in our Kent IPS and Birmingham Work to Recovery IPS services.
- We expanded our Health and Wellbeing practitioner service to support four children's homes in Northampton, part of Homes2Inspire.

During the year and across all the Community Health and Wellbeing services we supported **16,977** people, an increase of 3,112 people (22%) on the previous year.

We celebrated:

- 1,662 people securing employment in the year with the support of our Individual Placement and Support (IPS), Live Well Kent and Medway, Somerset Family solutions and All in Edinburgh services.
- 72% of people entering work sustaining that employment.
- 94% of people in our Community Wellbeing services maintaining or improving their personal wellbeing scores.
- 60 Accessibility Assessments, 15 Subscriptions, 7 Consultancy Packages, 15 Training Courses and more through our Accessibility Services team.

- 101,000 hours of support to 136 individuals across our six social enterprise locations and created four supported job roles for graduates of our Supported internship program.
- The growing of 150,000 plants that we sold in our garden centres and served thousands of members of the public across our different horticultural sites.
- Record sales in our charity retail shops of £4.2m.
- Selling over 500 Christmas trees in our garden centres and supported the local community.
- Our volunteers gave 82,000 hours of their time to support our retail shops, garden centres and social enterprises.
- Gaining accreditation for our Trauma Informed Care training.
- Delivered Trusted Assessor training to 29 local authorities and 13 NHS Trusts.
- 5,506 visitors to our Ask Sara platform on the LME website.
- Participated in the National Charity Supermarket pop-up initiative and was present for a number of weeks at both the Brent Cross Shopping Centre in London and also the Reading Shopping Centre.

After six incredible years, we closed our Aim4Work Service in June 2023. The Aim4Work service was funded by the European Social Fund and the National Lottery Fund under the Building Better

Opportunities programme. Aim4Work covered 17 boroughs across London and throughout the six years supported over 4,000 participants. Thanks to our new West London Works service, we were able to redeploy many of our fantastic Aim4Work staff.

Overall, the area is highly varied and embedded into the local communities. Our aim over the next three years is to increase the number of sites, volunteers and continue to maximise our involvement in the communities we serve.

Foundation

The Shaw Trust Foundation gives the charity a visible and accountable rallying point for the charitable purpose and activity in our organisation. The Foundation 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 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.

Financial Review

Net Income and Expenditure

The incoming resources for the Group have increased by £6m year-on-year, to £302m. This has been driven by SET increasing its revenue through additional academies, with restricted income growing from £106m to £120m.

For unrestricted activities, despite the cost-of-living crisis and increasing budgetary pressures on local and central government, revenue has remained relatively steady at £173m (2022: £183m restated). This reflects our strategy of a balanced portfolio and diversified approach to risk.

During the year our charitable expenditure totalled £314m, up from £292m in the prior year. This is mainly in SET, which increased by £13m, but also reflects our focus on efficiencies and automation, both in frontline and central services, so as to improve margins and maximise the resilience of the organisation against external shocks; as well as provide reserves for investment and pursuit of emerging opportunities against the 10-year strategy.

Total group funds have increased by £8.5m (2022: £118.6m). Before actuarial gains and losses (including any associated movement on deferred tax) this actually represents a year-on-year increase from £17.5 loss to £14.4m loss including the settlement of pension schemes of £12.2m.

The pensions movement represents a non-operating gain / loss and the impairment relates to Fortis Academy, against which third party funds have already been identified to rebuild the site, at which point a comparable gain and capitalisation will be shown.

Movement in Funds

	£m
The Shaw Trust Group operations	6.2
Net Movement in Funds (before pensions impact)	6.2
Deferred tax reversal	(0.1)
Pension scheme settlements	(20.5)
Actuarial gains and Net finance return on defined benefit pension scheme	22.9
Net Movement in Funds	8.5

Balance Sheet

At the end of the financial year overall consolidated funds stood at £217.9m compared to £209.4m in the prior year.

Total current assets were £73.4m as at 31 August 2023, down from £96.0m but driven by a normalisation in the working capital position, with short-term creditors also falling from £71.6m to £39.7m. Overall, working capital remained positive and in line with our key KPIs.

A decrease in tangible fixed assets of £8.9m was driven by an impairment in assets in SET, offset by an additional school acquired by SET and several properties purchased and converted into children's homes in Homes2Inspire during the year.

Within the cash flow, capital expenditure incurred of £6.4m (2022: £10.1m) 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, and increases in assets for Homes2Inspire.

Reserves policy

The Trust's Free Reserves are held in order to manage the risks to which the charity is exposed in the course of its activities. The Trustees ensure that the charity is in a responsible and secure financial position to provide reliable services for our beneficiaries, to absorb unforeseen setbacks 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 have considered whether the level of Free Reserves, being the total unrestricted funds less any designated funds, revaluation reserves and pension scheme surpluses or deficits, was appropriate.

The conclusion of the Trustees was that due to the long-term nature of many of the contracts and associated assets and liabilities, the measure should focus on reserves able to be used freely for the charity's purpose.

As of 31 August 2023, the Trust had free reserves of £20.4m (31 August 2022: £10.4m restated) as follows:

	At 31 Aug 2023 £m	At 31 Aug 2022 £m
Total Reserves	217.9	209.4
Less: Restricted funds	(190.4)	(191.3)
Less: Intangible assets	(0.5)	(1.8)
Less: Tangible assets	(8.8)	(8.7)
Less: Designated funds	(2.6)	(2.7)
Add: Long term liabilities and provisions	4.8	5.5
Free Reserves	20.4	10.4

The increase in Free Reserves is predominantly a reflection of the strong operating performance and demand for Shaw Trust's services.

The current target is to build-up the reserves towards £25m over the next 3-years.

In addition to a suggested 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; and,
- a significant financial impact or loss of business.

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 have considered the level of cash reserves required and consider it appropriate given the current resources and activities of the Trust.

Investment powers, policy and performance

Our investment managers are selected on the basis of reputation and adherence to environment, social and governance issues. The investments are governed by investment policies which are reviewed by Trustees and the portfolio is designed to balance the objective of maximising investment returns against the risk and liquidity of the investments. Investment performance is monitored and reviewed against a number of set benchmarks by the Finance Committee.

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.

Pension Schemes

The principal pension scheme available to employees of Shaw Trust is a defined contribution scheme, administered by Standard Life. Contributions to the plan during the year totalled £1.36m (2022: £1.53m).

The Trust also participates in several active final salary pension schemes through its Multi Academy Trust subsidiary. The two principal pension schemes are the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and a number of Local Government Pension Schemes (LGPS) for non-teaching staff. Both are multi-employer defined benefit schemes.

In addition, the Group retains a funding obligation to several smaller final salary schemes, all of which are closed to new entrants. These are detailed in note 24 - Pension Commitments.

The final salary schemes remain subject to a formal triennial funding valuation, with the most recent completed being as at 31 March 2022. This showed a funding surplus of £6.4m, and in the majority of schemes future contributions were nil or had reduced.

Separate annual valuations of the schemes are carried out in accordance with 'FRS 102: Employee Benefits' in which different funding assumptions are applied. The FRS102 valuation of the Trust's pension schemes at 31 August 2023 showed an overall funding deficit of £6.2m, (2021/2022: £14.6m). The decrease reflects significant movements in actuarial assumptions, particularly discount rates since the prior year-end.

In accordance with FRS102, the surplus on individual schemes is not recognised as an asset, on the basis that future economic benefits are not deemed available to the Group.

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 is ongoing and continued during the year.

During the year The Trust exercised its agreement to exit the London Pensions Fund Authority scheme at the point it became fully funded. This significant final salary scheme had been closed to new and existing members following a detailed review and consultation with members during 2020 and at the time a long-term repayment plan agreed with the provider. This transaction had no detriment to benefits for scheme members and significantly reduced the balance sheet risk and exposure to valuation fluctuations arising from future changes of actuarial assumptions.

Streamlined Energy and Carbon Reporting

Greenhouse Gas (GHG) Emissions

In line with the Greenhouse Gas Protocol (GHG) Corporate Accounting and Reporting Standard, The Shaw Trust Limited (SHA) continues to be engaged in a process aimed at reducing our energy and greenhouse gas emissions.

The Shaw Trust currently maintain both scope one and two emissions, which are generated from our premises (offices, accommodation, and schools), operational processes 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).

The Shaw Trust previously devised a strategy to reduce our carbon footprint by:

- 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 continue to take this approach year on year. We have a longstanding commitment to tackling climate change. Our calculated carbon footprint for our current financial year is 6,378.76 tCO₂e, whilst energy consumption was 32,063,593 kWh (32,063.59 MWh).

Methodology

We have reported all of 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 2022 (reference “Introduction guidance”).

The reporting period is the financial year 2022 / 2023, 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.

2022/2023 Emissions

Scope 1 (natural gas) Tonnes CO₂ equivalent (tCO₂e) 4,808.15

Scope 1 (company vehicles) Tonnes CO₂ equivalent (tCO₂e) 190.05

Scope 2 (electricity) Tonnes CO₂ equivalent (tCO₂e) 1,001.00

Scope 3 (transport) TonnesCO₂ equivalent (tCO₂e) 356.25

Scope 3 (electricity transmission and distribution) Tonnes CO₂ equivalent (tCO₂e) 23.31

Total 6,378.76 tCO₂e

Scopes one, two and three carbon intensity metric = 1.2 tCO₂e based on our average number of employees (5,229) during the financial year.

Our emissions have reduced since our last report by 4.68%.

Efficiency Measures Taken

- 1) Replaced aging premises equipment with energy-efficient products.
- 2) Expanded video conferencing and online meetings (as opposed to F2F meetings).
- 3) Upgraded lighting portfolio to LEDs where possible.

Objectives for 2023 / 2024

- 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.
- 4) Prepare for our Energy Savings Opportunity Scheme (ESOS) phase 3 compliance.
- 5) Implementation of carbon reduction towards net zero.
- 6) Continue with our energy-savings programme.

SHA will report on progress within our next set of financial accounts.

Statement on going concern

The Trust prepares a detailed annual budget and three-year business plan that 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.

Management continues to closely monitor significant risks, and modelling of sensitivities have indicated the Trust has sufficient liquid resources to meet its obligations as they fall due.

The Trust has produced a comprehensive risk assessment framework and monitors and reports on this on a quarterly basis. It continues to drive for performance, carefully manages costs and looks 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.

The Trustees have reviewed the charity's forecasts, sensitivity analysis and projections and its reserves, and the systems of financial control and risk management. As a result of this review, 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, being a period of at least 12 months from the approval of the financial statements. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

Principal Risks and uncertainties

Risks and uncertainties are referred to in depth in the Risk Management Framework below.

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 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 register of interests' policy.

- The maintenance of a corporate risk register, which is used to monitor the risk environment of the Trust and to inform audit plans.
- The establishment and maintenance of the 'three lines of defence' model of internal control:
 - *Line One:* Management controls to prevent, detect and respond to exposure to risk. These include organisational structures that enable segregation of duties, the implementation of security protocols in respect of assets and information, pre-employment checks and ongoing training, supplemented by management supervision and checking arrangements.
 - *Line Two:* Risk management through the development, implementation, testing and maintenance of an effective control and governance environment. In addition, 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 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:

- Loss of operational effectiveness arising from cost control measures, with potential impact on capability and capacity of staff.
- Scale, pace and complexity of growth resulting in insufficient human or financial capital (working capital or reserves).
- Strengthening environmental headwinds individually or in combination impinging on the ability of the Trust to operate profitably.
- Cyber Security and Data Protection e.g. an information security breach.
- Governance failure reducing financial or operational performance.
- Reputational harm linked to safeguarding, including physical / mental or emotional harm caused to others, or otherwise.

- Loss of major contracts due to devolution or other market forces.

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 in order to return a yield consistent with the Group's risk appetite and ensuring sufficient liquidity to meet obligations as they fall due.

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 at 31 August 2023 of £1.04m included the external funding held in Forth Sector.

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 and the statutory nature of the majority of services provided (i.e. in the event of local authority insolvency statutory services will continue to be funded).

Legal Structure and Governance

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 94. 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.

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
- Major internal change programmes.

The following subcommittees of the Board of 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 the 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 Team. The current Chief Executive, Chris Luck CB MBE, was appointed in May 2020, 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 and 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 Executive Team and their respective roles, Terms of Reference and reporting lines; details of Board meetings; and the Board papers made available for meetings.

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

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 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.

Fundraising compliance statement

The Charities (Protection and Social Investment) Act 2016 requires charities such as ours to include a statement of our fundraising. We believe that under current regulations and best practice that we comply with the Fundraising Regulator's Code of Fundraising Practice and adhere to Charity Commission guidance for the organisation as a whole.

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 FRS102 "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 FRS102, have been followed, subject to any material departures disclosed and

explained in the financial statements; and

- State whether applicable UK Accounting Standards, comprising FRS102, 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 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.

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

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

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 complements the ways the Board is informed and monitors compliance with relevant governance standards.

A handwritten signature in black ink, appearing to read 'Olly', with a long horizontal flourish extending to the right.

Olly Benzecry, Chairman
16 May 2024

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 2023 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 2023 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.

Opinions on other matters prescribed by the Companies Act 2006

Shaw Trust Limited Statements for the year to 31 August 2023

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 30 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.

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

Shaw Trust Limited Statements for the year to 31 August 2023

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, OSCR, Companies House and ESFA, 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

30 May 2024

The Shaw Trust Limited Group consolidated statement of financial activities

For the year ended 31 August 2023

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Year ended 31 August 2023 £'000	Year ended 31 August 2022 £'000
Income and endowments from:					
Donations and Legacies		75	5,432	5,507	4,741
Charitable activities		168,793	116,601	285,394	282,276
Other Trading Activities	1a	3,467	692	4,159	3,156
Income on investments, interest and dividends		84	-	84	44
Covid related grants		-	-	-	4
Other Income		182	-	182	5
Net assets taken on with mergers and transfers	25	-	6,679	6,679	5,736
Incoming resources including share of joint ventures		172,601	129,404	302,005	295,962
Less share of gross incoming resources of joint ventures		-	-	-	(111)
Group incoming resources	1	<u>172,601</u>	<u>129,404</u>	<u>302,005</u>	<u>295,851</u>
Expenditure on:					
Raising funds	2	(2,198)	-	(2,198)	(2,325)
Charitable activities	2	(174,538)	(139,676)	(314,214)	(292,428)
Total resources expended		<u>(176,736)</u>	<u>(139,676)</u>	<u>(316,412)</u>	<u>(294,753)</u>
Net (expenditure)/income		<u>(4,135)</u>	<u>(10,272)</u>	<u>(14,407)</u>	<u>1,098</u>
Net Profit / (loss) on Fixed Asset investments	10	59	-	59	(208)
Transfers between funds	18	(112)	112	-	-
Net (Expenditure) / Income before tax		(4,188)	(10,160)	(14,348)	890
Taxation	21	(79)	-	(79)	(18,370)
Group net expenditure		<u>(4,267)</u>	<u>(10,160)</u>	<u>(14,427)</u>	<u>(17,480)</u>
Share of net outgoing resources of joint ventures	9	-	-	-	(10)
Net income before other recognised gains and losses		<u>(4,267)</u>	<u>(10,160)</u>	<u>(14,427)</u>	<u>(17,490)</u>
Loss on sale of subsidiaries		-	-	-	(42)
Actuarial gains on defined benefit pension schemes	24	13,641	9,279	22,920	136,110
Net movement in funds		<u>9,374</u>	<u>(881)</u>	<u>8,493</u>	<u>118,578</u>
Revaluation reserve		-	-	-	1,113
Fund balances brought forward restated	19	18,119	191,268	209,387	89,696
Fund balances carried forward		<u>27,493</u>	<u>190,387</u>	<u>217,880</u>	<u>209,387</u>

Group and Company Balance Sheets (Registration 01744121) as at 31 August 2023

	Note	Group		Company	
		2023 £'000	2022 £'000 Restated	2023 £'000	2022 £'000
Fixed assets					
Intangible assets	7	475	1,756	197	240
Tangible assets	8	190,388	199,326	3,859	4,405
Investments in subsidiaries	9	-	-	23,355	21,355
Investments in financial securities	10	4,949	4,823	4,949	4,823
Total fixed assets		195,812	205,905	32,360	30,823
Current assets					
Stocks	12	290	397	290	365
Debtors: Due within one year	13	42,149	44,369	19,049	36,966
Debtors: Due over one year	13b	335	388	-	300
Short term investments	10	10,475	-	-	-
Cash at bank and in hand	15	20,105	50,853	4,861	8,857
Total current assets		73,354	96,007	24,200	46,488
Creditors - amounts falling due within one year	16	(39,689)	(71,553)	(15,989)	(43,747)
Net current assets		33,665	24,454	8,211	2,741
Total assets less current liabilities		229,477	230,359	40,571	33,564
Creditors - amounts falling due after one year	16b	(589)	(1,034)	-	-
Provision for liabilities and charges	17	(4,781)	(5,347)	(2,639)	(4,356)
Net assets before pension liability		224,107	223,978	37,932	29,208
Pension liability	24	(6,227)	(14,591)	-	-
Net assets after pension liability		217,880	209,387	37,932	29,208
Funds					
Designated funds	18	2,616	2,666	2,411	2,461
Revaluation reserve	18	-	1,113	-	-
General funds	18	24,877	14,340	33,331	24,297
Total unrestricted funds		27,493	18,119	35,742	26,758
Pension liability		(6,227)	(14,591)	-	-
Restricted funds		196,614	205,859	2,190	2,450
Total restricted funds	19	190,387	191,268	2,190	2,450
Total Funds	20	217,880	209,387	37,932	29,208

Shaw Trust Limited Statements for the year to 31 August 2023

The Group statement of cashflows, basis of preparation, principal accounting policies and the notes to the financial accounts below are an integral part of these financial statements. The financial statements were approved by the Board of Directors on 16 May 2024 and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Olly', with a long horizontal flourish extending from the bottom of the signature.

Olly Benzecry, Chairman

Group statement of cash flows for the year ended 31 August 2023

	Note	Year ended 31 August 2023 £'000	Year ended 31 August 2023 £'000	Year ended 31 August 2022 £'000	Year ended 31 August 2022 £'000
Net cash inflow from operating activities	A		(13,608)		13,228
Taxation			-		-
Net cash generated operating activities			(13,608)		13,228
Cash flow from investing activities					
Capital expenditure and financial investment					
Purchase of tangible assets		(6,225)		(10,067)	
Purchase of intangible assets		(158)		(306)	
Cash inflow on conversion of academies and business combinations		-		445	
Net purchase of investments		(10,475)		(5,000)	
Cash from investments		(67)		(31)	
Cash from disposal of fixed assets		-		-	
Investment income received		84		44	
Net cash outflow from capital expenditure and financial investment			(16,841)		(14,915)
Total Net cash (expended) / generated from investing activities			(30,449)		(1,687)
Cash flow from financing activities					
Interest and charges paid		(53)		(236)	
Repayment of loans		(246)		(2,255)	
Net cash used in financing activities			(299)		(2,491)
Net (decrease) / increase in cash and cash equivalents	B		(30,748)		(4,178)
Cash and cash equivalents at the beginning of the period at 1 September 2022			50,853		55,031
Cash and cash equivalents at 31 August 2023	C		20,105		50,853

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

	Year ended 31 August 2023 £'000	Year ended 31 August 2022 £'000
Net incoming / (outgoing) resources before other recognised gains	(14,427)	(17,490)
Donation of net assets arising on acquisition	(6,679)	(5,736)
Pensions - adjustment to net incoming resources	14,228	9,119
Investment income received	(84)	(44)
Bank charges and interest paid	53	236
Depreciation and fixed asset write offs	7,804	6,761
Amortisation of goodwill	1,439	6,053
Impairment of tangible assets	12,900	-
Net loss on disposal of tangible fixed assets	1,269	-
Intangible assets transfers	-	(68)
Tangible assets transfers	197	68
Net (gain) / loss on disposal of investments	(59)	166
Decrease in stock	107	29
Increase / (decrease) in debtors	2,273	7,936
Decrease / (increase) in value of joint ventures	-	52
(Decrease) / Increase in creditors	(10,208)	(6,515)
Increase in deferred income	(21,855)	8,545
Increase / (decrease) in provisions for liabilities and charges	(566)	4,116
Net cash (outflow) / inflow from operating activities	(13,608)	13,228

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

	1 September 2022	Cash Flow	31 August 2023
	£'000	£'000	£'000
Cash pledged as security for guarantee	250	(250)	-
Cash at bank and in hand	50,603	(30,498)	20,105
Total cash at bank and in hand	50,853	(30,748)	20,105

c) Cash and cash equivalents

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Cash and cash equivalents consist of:				
Cash at bank and in hand	20,105	50,853	4,861	8,857
Total cash at bank and in hand	20,105	50,853	4,861	8,857

d) Analysis of changes in net debt

	1 September 2022	Cash Flow	31 August 2023
	£'000	£'000	£'000
Loans due within one year	251	200	451
Loans due after more than one year	1,034	(446)	588
Total cash at bank and in hand	1,285	(246)	1,039

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 2023. 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 pound 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.

Principal accounting policies
(continued)

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, when necessary, revised based on the estimates of revenue and costs as the contract progresses.

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 deferred and carried forward to the following year, or where income is received in advance of the services being delivered.

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.

Other voluntary income is recognised when there is entitlement to the funds,

any performance conditions attached to the item of income has been met, and where it is probable that the income will be received, and the amount can be measured reliably.

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.

**Principal accounting policies
(continued)**

Grants / fees

All revenue grants receivable from the 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:

- 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.

**Principal accounting policies
(continued)**

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.

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 land - not depreciated.
- Freehold buildings 2% (or over the lifetime of the contract if more appropriate).
- Long leasehold buildings 2% (or length of lease if shorter than 50 years).
- Fixtures and fittings 20% (or more if first break clause of lease is within five years).
- Equipment and vehicles 20%.
- Computer equipment 25%; and
- Plant and machinery in Forth Sector 6.75%.

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 2017/2018 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.

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

**Principal accounting policies
(continued)**

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 in financial securities

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.

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.

Investments in subsidiaries jointly controlled entities and associates

These investments are held at cost less impairment.

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.

Current asset investments

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

Basic 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, 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.

**Principal accounting policies
(continued)**

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 or contracts 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.

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

**Principal accounting policies
(continued)**

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 probably 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 in creditors and deferred tax assets within debtors.

Statement on going concern

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

**Principal accounting policies
(continued)**

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 and group'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).
- (ii) Income recognition based on contract terms and estimates of completion.
- (iii) Impairment of investments in subsidiaries (note 9).
- (iv) Recoverability of intercompany debt.

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 2023 this amounted to an additional impairment of £nil.

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 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.

Defined benefit pension scheme (note 24)

The Group has obligations to pay pension benefits to certain employees. The cost 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.

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

Critical accounting judgements and estimation uncertainty

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

(a) 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 Shaw Education Trust 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 Cash Generating Unit (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.

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 2023	Unrestricted funds (restated)	Restricted funds (restated)	Year ended 31 August 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Donation of net assets arising on mergers	-	6,679	6,679	-	5,736	5,736
Donations and Legacies	75	5,432	5,507	50	4,691	4,741
Other Trading Activities (note 1a)	3,467	692	4,159	2,379	777	3,156
Income on investments, interests and dividends	84	-	84	44	-	44
Covid related grants	-	-	-	4	-	4
Other Income	182	-	182	5	-	5
Incoming resources from generated funds	3,808	12,803	16,611	2,482	11,204	13,686
Contract delivery, social enterprises and other charitable activities	166,293	116,601	282,894	178,938	103,338	282,276
Income from business Interruption insurance	2,500	-	2,500	-	-	-
Income from charitable activities	168,793	116,601	285,394	178,938	103,338	282,276
Joint Venture – Intergracja	-	-	-	-	(111)	(111)
Total	172,601	129,404	302,005	181,420	114,431	295,851

Notes to the financial statements (continued)

1. Total incoming resources / material funders (continued)

Figures for the prior year for contract delivery, social enterprises and other charitable activities we restated due to the nature of certain contracts which were treated as unrestricted when they were, in fact restricted.

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 £52.6 million (2022: £79.1 million) was earned. Shaw Education Trust received £70.6 million (2022: £64.0 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 2023 £'000	Year ended 31 August 2022 £'000
Total income	100,812	109,211
Net outgoing / (incoming) resources	(8,725)	(3,150)

1a. Other Trading Activities

	Year ended 31 August 2023 £'000	Year ended 31 August 2022 £'000
Income from charitable activities	4,159	3,156
Total income	4,159	3,156

Notes to the financial statements (continued)

2. Analysis of total resources expended

	Year ended 31 August 2023 £'000	Year ended 31 August 2022 £'000
Raw Materials and Consumables	37,893	17,206
Staff Costs – salaries, NI and pensions	189,459	188,955
Staff Costs – travel and pension charges	11,415	14,015
Other Operating Costs	54,948	61,527
Depreciation	7,804	6,761
Amortisation and Impairment of Goodwill	1,439	6,053
Pension scheme settlements	13,401	-
Finance Charges	53	236
Total	316,412	294,753

	Activities undertaken directly £'000	Support costs not directly allocated £'000	2023 Total £'000	2022 Activities undertaken directly £'000	2022 Support costs not directly allocated £'000	2022 Total £'000
Raising Funds						
Fundraising	-	-	-	3	-	3
Charity shops	2,178	-	2,178	2,309	-	2,309
Investment management fees	20	-	20	13	-	13
Total cost of Raising Funds	2,198	-	2,198	2,325	-	2,325
Charitable Activities						
Contract delivery, social enterprises and other charitable activities	305,065	2,518	307,583	288,782	2,249	291,031
Usage of fundraising funds	6,631	-	6,631	1,397	-	1,397
Total Cost of Charitable Activities	311,696	2,518	314,214	290,179	2,249	292,428
Total Resources Expended	313,894	2,518	316,412	292,504	2,249	294,753

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 2023 £'000	Year ended 31 August 2022 £'000
Management	1,086	681
Corporate Governance	356	316
Finance	396	345
Information Technology	425	597
Human Resources	249	271
Communications and Marketing	6	39
Support costs not directly allocated	2,518	2,249

3. Finance costs

	Year ended 31 August 2023 £'000	Year ended 31 August 2022 £'000
Bank charges, interest and other finance costs (note 2)	53	236
Pension scheme settlements (note 24)	13,401	-
Net finance cost on defined benefit pension scheme (note 24)	270	2,319
Total	13,724	2,555

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

4. Net (outgoing)/incoming resources

	Year ended 31 August 2023 £'000	Year ended 31 August 2022 £'000
The net (outgoing)/incoming resources are stated after charging:	£'000	£'000
Amortisation charge for the year on intangible owned assets	1,439	6,053
Depreciation charge for the year on tangible owned assets	7,804	6,761
Auditors' remuneration: audit services		
- Parent Company and consolidated financial services	89	73
- Audit of the company's subsidiaries	159	132
Auditors' remuneration: other services		
- services relating to taxation	20	-
- all other services	19	15
Operating leases:		
- others	141	132
- property	2,174	1,887
Net loss on disposal of fixed assets	156	-

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 2023 Average Headcount	Year ended 31 August 2022 Average Headcount
Charitable purposes	5,198	5,375
Retail	70	55
Total	5,268	5,430

Employee costs for the above persons during the year were:

	Year ended 31 August 2023 £'000	Year ended 31 August 2022 £'000
Wages and salaries	157,540	151,054
Social security costs	14,646	14,665
Other pension costs	17,273	23,236
Total	189,459	188,955

Included in the above figures is a figure of £570k (2021-22: £427k) for redundancies, of which £nil (2021-22: £150k) was accrued as at the year end.

Notes to the financial statements (continued)

5. Employees (continued)

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

	2023 Total Emoluments	2022 Total Emoluments	2023 Total Emoluments excl. severance payments	2022 Total Emoluments excl. severance payments
	Number	Number	Number	Number
£60,001 - £70,000	73	66	73	66
£70,001 - £80,000	34	39	34	39
£80,001 - £90,000	19	11	19	11
£90,001 - £100,000	19	12	19	12
£100,001 - £110,000	11	9	11	9
£110,001 - £120,000	6	4	6	4
£120,001 - £130,000	3	1	3	1
£130,000 - £140,000	2	1	2	1
£140,001 - £150,000	1	2	1	2
£150,001 - £160,000	1	-	1	-
£180,001 - £190,000	1	1	1	1
£210,001 - £220,000	-	-	-	-
£250,001 - £260,000	2	2	2	2
	172	148	172	148

The total pension contributions in respect of the above staff, all of which were made to defined contribution schemes, were £842,329 (2022: £611,377).

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 accruing to those employees who earned more than £60,000 during the year was £nil (2022: £150,000).

6. Trustees' and senior executives' remuneration

- a) During 2023 and 2022, no Trustee received any emoluments from the Trust. Incidental travelling costs of £2,310 (2022: £759) were reimbursed or paid on behalf of four (2022:4) Trustees by the Trust.
- b) The 'Directorships' outlined at the end of these financial statements in respect of senior executives are nominal titles and accordingly no disclosure of 'Directors' emoluments are included in these financial statements.
- c) Included within the support costs is the amount of £10,651 (2022: £10,651) 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 Team as listed at the end of these financial statements. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Group was £2,334,348 (2022: £1,908,563) for the year.

Notes to the financial statements (continued)

7. Intangible Assets

Group	Goodwill	Computer software	Total
	£'000	£'000	£'000
Cost			
At 1 September 2022	53,517	8,914	62,431
Additions	-	158	158
At 31 August 2023	53,517	9,072	62,589
Accumulated Amortisation			
At 1 September 2022	(52,345)	(8,330)	(60,675)
Charge for the year	(1,172)	(267)	(1,439)
At 31 August 2023	(53,517)	(8,597)	(62,114)
Net book value			
At 31 August 2023	-	475	475
At 1 September 2022	1,172	584	1,756

The goodwill arose on the acquisition of 100% interest in Ixion Holdings (Contracts) Limited and Prospects Group 2011 Limited on 30 May 2017 and 30 November 2017 respectively.

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 is being amortised over five years such that the remaining goodwill balance at 31 August 2023 was £nil. Within the Prospects Group there was also historic goodwill from when they acquired other companies within their group.

Ixion Group was acquired for £2m. Net assets at acquisition were £2.2m resulting in a negative goodwill balance on acquisition of £0.2m being recognised in the Group financial statement on consolidation. This is being amortised over five years such that the remaining goodwill balance at 31 August 2023 was £nil.

Amortisation of computer software will occur in line with The Shaw Trust Limited accounting policies.

Notes to the financial statements (continued)

7. Intangible Assets (continued)

Company	Computer software	Total
	£'000	£'000
Cost		
At 1 September 2022	7,293	7,293
Additions	110	110
At 31 August 2023	7,403	7,403
Accumulated Amortisation		
At 1 September 2022	(7,053)	(7,053)
Charge for the year	(153)	(153)
At 31 August 2023	(7,206)	(7,206)
Net book value		
At 31 August 2023	197	197
At 1 September 2022	240	240

Notes to the financial statements (continued)

8. Tangible Assets

Group	Freehold land and buildings £'000	Long leasehold property £'000	Assets under construction £'000	Equipment and vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation						
At 1 September 2022	44,740	172,082	2,044	4,439	12,833	236,138
Acquisitions of academies	7,007	-	-	-	-	7,007
Additions	1,280	1,093	1,697	32	2,123	6,225
Disposals	(1,121)	(2)	(72)	-	(82)	(1,277)
Reclassifications	(116)	2,516	(2,679)	(3,054)	3,136	(197)
At 31 August 2023	51,790	175,689	990	1,417	18,010	247,896
Accumulated depreciation						
At 1 September 2022	(5,114)	(18,997)	-	(4,071)	(8,630)	(36,812)
Charge for the year	(748)	(5,128)	-	(36)	(1,892)	(7,804)
Disposals	8	-	-	-	-	8
Impairments	(12,900)	-	-	-	-	(12,900)
Reclassifications	860	(860)	-	3,004	(3,004)	-
At 31 August 2023	(17,894)	(24,985)	-	(1,103)	(13,526)	(57,508)
At 31 August 2023	33,896	150,704	990	314	4,484	190,388
At 1 September 2022	39,626	153,085	2,044	368	4,203	199,326
Company	Freehold land and buildings £'000	Long leasehold property £'000	Assets under construction £'000	Equipment and vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation						
At 1 September 2022	-	3,152	11	543	7,823	11,529
Additions	-	-	-	-	419	419
Disposals	-	-	(11)	-	(82)	(93)
Transfers	-	-	-	-	43	43
Reclassifications	-	-	-	-	-	-
At 31 August 2023	-	3,152	-	543	8,203	11,898
Accumulated depreciation						
At 1 September 2022	-	(1,159)	-	(543)	(5,422)	(7,124)
Charge for the year	-	(60)	-	-	(855)	(915)
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
At 31 August 2023	-	(1,219)	-	(543)	(6,277)	(8,039)
Net book value						
At 31 August 2023	-	1,933	-	-	1,926	3,859
At 1 September 2022	-	1,993	11	-	2,401	4,405

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 £175,200k. (2022: £183,947k).

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable.

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

9. Investments in Subsidiary Undertakings and Joint Ventures

Company interests in group undertakings

	2023 £'000
At 1 September 2022	21,355
Additions	2,000
At 31 August 2023	23,355
<hr/>	
Amortisation	
At 1 September 2022	-
Impairment	-
At 31 August 2023	-
<hr/>	
Net book value	
At 31 August 2023	23,355
At 1 September 2022	21,355

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
Forth Sector	SC124791	SC016414	Scotland	100%	Charity
Prospects Group 2011 Limited	7708678		England and Wales	100%	Company Limited by Shares
Ixion Holdings (Contracts) Limited	6886337		England and Wales	100%	Company Limited by Guarantee
Shaw Education Trust	9067175	Exempt Charity	England and Wales	100%	Charity
ST07033535 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 The 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.

The Trust made a further investment in Ixion Holdings (Contracts) Limited in the year, recapitalising its investment with an injection of 2,000,000 shares.

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
2023				
Forth Sector Limited	2,437	(3,030)	1,166	(7)
Ixion Holdings (Contracts) Limited	4,183	(2,958)	14,895	(1,636)
Prospect Services	24,497	(6,918)	30,611	(5,409)
Homes2Inspire Limited	15,673	(16,553)	30,021	5,247
Shaw Education Trust	206,538	(18,132)	120,171	(651)
Total	253,328	(47,591)	196,864	(2,456)
2022	£'000	£'000	£'000	£'000
Forth Sector Limited	3,010	(3,226)	1,066	(49)
Ixion Holdings (Contracts) Limited	8,009	(6,370)	13,733	(859)
Prospects Services	29,489	(7,031)	39,055	59,318
Homes2Inspire Limited	12,747	(17,762)	23,643	(1,009)
Shaw Education Trust	214,757	(25,700)	106,655	63,524
Total	268,012	(60,089)	184,152	120,925

Only the material subsidiaries results have been disclosed. Prospects Services and Homes2Inspire Limited 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. This investment was disposed of as at 31 August 2023.

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.

The Shaw Trust Limited share of:	Integracja Foundation		Total	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Total assets	-	-	-	-
Total liabilities	-	-	-	-
Net assets	-	-	-	-
Gross incoming resources	-	111	-	111
Net surplus / (deficit) of income over expenditure	-	(10)	-	(10)

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 in financial securities

As a part of the Trust's investment policy, a portion of funds available for investment is held in a broad range of UK and overseas listed equities, Government and corporate bonds and alternative investments, in order to generate capital growth without exposure to undue risk. These funds were held for the medium-term and as a result, and in accordance with accounting guidance, these investments were classified as fixed assets.

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

Group and company	2023	2022
	£'000	£'000
At 1 September 2022	4,823	-
Additions to investments at cost	-	5,000
Dividends received	67	31
Interest received	20	10
Management charges paid	(20)	(10)
Net gain / (loss) on revaluation	59	(208)
At 31 August 2023	4,949	4,823

Value of investments		
Group and company	2023	2022
	£'000	£'000
Investments listed on a UK recognised stock exchange, or valued by reference to one	925	1,123
Investments listed on a non-UK recognised stock exchange, or valued by reference to one	2,507	2,262
UK Government and Corporate Bonds	750	607
Other investments	565	597
Cash and settlements pending	202	234
At 31 August 2023	4,949	4,823

Notes to the financial statements (continued)

Short term investments

Shaw Education Trust	2023	2022
	£'000	£'000
At 1 September 2022	-	-
Additions to investments at cost	10,475	-
At 31 August 2023	10,475	-

Value of available for sale investments

Shaw Education Trust	2023	2022
	£'000	£'000
Unlisted investments in fixed interest bank accounts	10,475	-
At 31 August 2023	10,475	-

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 2023, Palmer Gardens has a Revenue Fund of £Nil (2022: £Nil) and a Capital Fund of £435,000 (2022: £449,000). The income and expenditure account for the Revenue Fund is set out below:

Revenue Fund	2023	2022
	£'000	£'000
Turnover	718	402
Cost of sales	(363)	(340)
Gross Profit	355	62
Selling and distribution	(346)	(350)
Administration	(79)	(86)
Finance	(11)	(10)
Operating (deficit) / surplus	(81)	(384)
Support costs	(28)	(28)
Depreciation	(14)	(4)
Net (deficit) / surplus	(123)	(416)
Palmer Gardens Revenue Fund brought forward	-	-
Transfer from capital fund	14	4
Donation from / (to) The Shaw Trust Limited to Palmer Gardens	109	412
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	2023	2022
	£'000	£'000
Fixed assets		
Palmer Gardens	435	449
Analysis of net assets:		
Current assets – stock	111	125
Current liabilities - creditors The Shaw Trust Limited	(111)	(125)
Net current assets	-	-
Total assets less current liabilities	435	449
Funds		
Restricted capital funds	435	449
Total (see note 19)	435	449

12. Stocks

Finished goods	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Plants, shrubs, nursery and books	286	369	286	337
Shop stock	4	3	4	3
Other	-	25	-	25
Total	290	397	290	365

13. Debtors

Amounts falling due within one year:

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	19,937	15,597	8,801	5,070
Amounts due from group undertakings	-	-	2,841	16,045
Loans to group undertakings	-	-	-	100
Deferred tax asset	58	84	-	-
Other debtors	1,212	723	183	118
Prepayments and accrued income	20,942	27,965	7,224	15,633
Total	42,149	44,369	19,049	36,966

Notes to the financial statements (continued)

13b. Debtors greater than one year

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Deferred tax asset	335	388	-	-
Loans to group undertakings	<u>-</u>	<u>-</u>	<u>-</u>	<u>30</u>
Total debtors greater than one year	<u>335</u>	<u>388</u>	<u>-</u>	<u>30</u>

14. Deferred Taxation

	2023	2022
	£'000	£'000
Accelerated capital allowances	256	346
Short term timing differences - trading	137	126
	<u>393</u>	<u>472</u>
Analysed as:		
Amount due within one year	58	84
Amount due after more than one year	335	388
	<u>393</u>	<u>472</u>
Movement in year		
Opening balance	472	18,853
Changes in deferred tax	(79)	(18,381)
Closing balance	<u>393</u>	<u>472</u>

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

The Group have no unrecognised deferred tax assets (2022: £nil).

15. Cash at bank and in hand

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Cash at bank and in hand	20,105	50,853	4,861	8,857

Notes to the financial statements (continued)

16. Creditors - amounts falling due within one year

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade creditors	4,360	4,661	1,078	1,571
Taxation and social security	6,581	8,000	2,569	4,118
Other creditors	5,646	8,333	1,322	6,829
Loans	450	251	-	-
Accruals	6,506	12,307	2,597	4,396
Deferred income	16,146	38,001	8,423	26,833
Total	39,689	71,553	15,989	43,747

Deferred Income

Group	2023	2022
	£'000	£'000
At 1 September 2022	38,001	29,456
Amounts received in year	390,147	91,800
Amounts used in year	(412,002)	(83,255)
At 31 August 2023	16,146	38,001

Company	2023	2022
	£'000	£'000
At 1 September 2022	26,833	17,061
Amounts received in year	328,825	68,036
Amounts used in year	(347,235)	(58,264)
At 31 August 2023	8,423	26,833

Notes to the financial statements (continued)

16b. Creditors - amounts falling due after one year

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Amounts falling due after one year:				
Loans and Borrowings	589	1,034	-	-
Total	589	1,034	-	-

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 for Forth Sector. Loans in Shaw Education Trust attract interest charges of between 0 and 2.21% and are payable over a number of years.

17. Provision for liabilities and charges

Group	Dilapidations £'000	Other Provisions £'000	Total £'000
At 1 September 2022	1,725	3,622	5,347
Created during the Year	1,188	22,167	23,355
Utilised during the year	(919)	(23,002)	(23,921)
At 31 August 2023	1,994	2,787	4,781

Company	Dilapidations £'000	Other Provisions £'000	Total £'000
At 1 September 2022	813	3,543	4,356
Created during the Year	956	20,957	21,913
Utilised during the year	(712)	(22,918)	(23,630)
At 31 August 2023	1,057	1,582	2,639

The dilapidations provision relates to the costs that the Trust will possibly incur in reinstating its leased properties to original condition, accrued over the length of the lease. We have estimated the cost at a historic average cost and used the calculation to estimate the future cost. This rate will be reassessed on an annual basis to keep it up to date. Future costs are uncertain hence the provision.

The other provision are provided for Shaw Trust employability contracts taking into account contractual obligation and rates from the most recent inspections. Some contracts are being inspected now and others will be subject to inspection very soon. The Trust is finalising the details with relevant commissioners.

Notes to the financial statements (continued)

18. Unrestricted funds

Group	Movement in Funds				At 31 August 2023
	At 1 September 2022 Restated	Incoming	(Outgoing)	Transfer	
	£'000	£'000	£'000	£'000	£'000
Designated funds:					
Current assets fund	2,666	1,133	(1,183)	-	2,616
Total designated funds	2,666	1,133	(1,183)	-	2,616
Revaluation reserve	1,113	-	(1,113)	-	-
General funds	14,340	171,468	(160,819)	(112)	24,877
Total unrestricted funds before pension surplus / (deficit)	18,119	172,601	(163,115)	(112)	27,493
Pension deficit	-	-	-	-	-
Total unrestricted funds	18,119	172,601	(163,115)	(112)	27,493

Company	Movement in Funds				At 31 August 2023
	At 1 September 2022	Incoming	(Outgoing)	Transfer	
	£'000	£'000	£'000	£'000	£'000
Designated funds:					
Current assets fund	2,461	1,133	(1,183)	-	2,411
Total designated funds	2,461	1,133	(1,183)	-	2,411
General funds	24,297	92,553	(84,546)	1,027	33,331
Total unrestricted funds before pension surplus / (deficit)	26,758	93,686	(85,729)	1,027	35,742
Pension deficit	-	-	-	-	-
Total unrestricted funds	26,758	93,686	(85,729)	1,027	35,742

Notes to the financial statements (continued)

18. Unrestricted funds (continued)

2022 comparatives restated Group	At 1 September 2021 £'000	Movement in Funds			At 31 August 2022 £'000
		Incoming £'000	(Outgoing) £'000	Transfer £'000	
Designated funds:					
Current assets fund	2,171	1,477	(982)	-	2,666
Total designated funds	2,171	1,477	(982)	-	2,666
Revaluation reserve	-	1,121	(8)	-	1,113
General funds	29,125	179,943	(196,132)	1,404	14,340
Total unrestricted funds before pension surplus / (deficit)	31,296	182,541	(197,122)	1,404	18,119
Pension deficit	(70,759)	-	70,759	-	-
Total unrestricted funds	(39,463)	182,541	(126,363)	1,404	18,119

Company	At 1 September 2021 £'000	Movement in Funds			At 31 August 2022 £'000
		Incoming £'000	(Outgoing) £'000	Transfer £'000	
Designated funds:					
Current assets fund	1,966	1,477	(982)	-	2,461
Total designated funds	1,966	1,477	(982)	-	2,461
General funds	20,323	105,381	(102,774)	1,367	24,297
Total unrestricted funds before pension surplus / (deficit)	22,289	106,858	(103,756)	1,367	26,758
Pension deficit	-	-	-	-	-
Total unrestricted funds	22,289	106,858	(103,756)	1,367	26,758

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.

Shaw Trust Limited Statements for the year to 31 August 2023

Notes to the financial statements (continued)

Group and Company	At 1 September 2022 Restated	Incoming	(Outgoing)	Transfers	At 31 August 2023
	£'000	£'000	£'000	£'000	£'000
DIG for Dinner	38	-	-	-	38
Doncaster Borough Council (guarantee)	250	-	-	-	250
Palmer Gardens Fund (Capital)	449	-	(14)	-	435
Palmer Gardens Fund (Revenue)	-	718	(827)	109	-
Employment Action Centre (Capital)	690	-	(21)	-	669
Disability Action Centre (Capital)	814	-	(24)	-	790
Shaw Trust Clamp Hill	5	-	-	-	5
Aim 4 Work (Building Better Opportunities) North and East London - Delivery	-	616	(582)	(34)	-
Aim 4 Work (Building Better Opportunities) South London - Delivery	-	440	(452)	12	-
Get Back on Track - Islington	-	-	-	-	-
DLF	201	-	(201)	-	-
Charities Aid Foundation	-	2,480	(2,480)	-	-
Find Your Future	-	761	(761)	-	-
Spark Change	-	1,282	(1,282)	-	-
West London Works	-	830	(830)	-	-
Other	3	-	-	-	3
Total company	2,450	7,127	(7,474)	87	2,190
Shaw Education Trust	189,033	120,171	(120,822)	24	188,406
Forth Sector Group	(215)	1,206	(1,226)	-	(235)
Charities Aid Foundation (Ixion)	-	-	1	(1)	-
National Lotter Community Fund (Ixion)	-	874	(874)	-	-
Spark Change (Prospects Services)	-	-	(2)	2	-
Somerset Partnership (Homes2Inspire)	-	26	-	-	26
The Integracja Foundation	-	-	-	-	-
Total Group	191,268	129,404	(130,397)	112	190,387

Notes to the financial statements (continued)

19. Restricted Funds (continued)

Group and Company	At 1 September 2021	Incoming	(Outgoing)	Transfers	At 31 August 2022
2022 Comparison restated	£'000	£'000	£'000	£'000	£'000
The Big Lottery Fund					
DIG for Dinner	38	-	-	-	38
Doncaster Borough Council (guarantee)	250	-	-	-	250
Palmer Gardens Fund (Capital)	579		(81)	(49)	449
Palmer Gardens Fund (Revenue)	-	777	(826)	49	-
Employment Action Centre (Capital)	675	-	-	15	690
Disability Action Centre (Capital)	519	-	-	295	814
Disability Action Centre (Revenue)	3	-	-	(3)	-
Shaw Trust Clamp Hill	5	-	-	-	5
Aim 4 Work (Building Better Opportunities) North and East London - Delivery	-	939	(851)	(88)	-
Aim 4 Work (Building Better Opportunities) South London - Delivery	-	549	(499)	(50)	-
Get Back on Track - Islington	-	88	(47)	(41)	-
DLF	1,696	-	-	(1,495)	201
Charities Aid Foundation	-	1,529	(1,529)	-	-
Spark Change	-	274	(274)	-	-
Other	3	-	-	-	3
Total company	3,768	4,156	(4,107)	(1,367)	2,450
Shaw Education Trust	125,505	106,656	(43,128)	-	189,033
Forth Sector Group	(166)	1,066	(1,115)	-	(215)
Charities Aid Foundation (Ixion)	-	1,613	(1,613)	-	-
Spark Change (Prospects Services)	-	829	(829)	-	-
The Integracja Foundation	52	111	(126)	(37)	-
Total Group	129,159	114,431	(50,918)	(1,404)	191,268

Notes to the financial statements (continued)

19. Restricted Funds (continued)

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.

Palmer Gardens is a vocational training centre, and the restricted capital fund comprises £449,000 (2022: £579,000) of re-valued tangible fixed assets relating to the construction of the original training centre and later expansion of the facilities. Depreciation is charged in the normal course of business and is initially charged to unrestricted costs and transferred here to reduce the capital value of the asset.

The Employment Action Centre (EAC) 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. Depreciation is charged in the normal course of business and is initially charged to unrestricted costs and transferred here to reduce the capital value of the asset.

The Disability Action Centre (DAC) 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. Depreciation is charged in the normal course of business and is initially charged to unrestricted costs and transferred here to reduce the capital value of the asset. Revenue is not affected so the balance was written off in the year.

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. This is reassessed on an annual basis as to the outstanding balance, hence the transfer.

Notes to the financial statements (continued)

19. Restricted Funds (continued)

Find your Future – This was the European Social Fund Grant awarded to Shaw Trust for two years, started in November 2021 and completed in December 2023. The Project mainly supported the Operational Programme for England as adopted by the European Commission setting out its contribution to the Union Strategy to improve employment Opportunities, strengthen social inclusion, fight poverty, promote education, skills and life-long learning and develop active, comprehensive, and sustainable policies and thereby contribute to economic, social and territorial cohesion.

West London Works - Individual Placement and Support (IPS) is an employment support approach originally developed for people experiencing long-term mental health needs. The approach is now increasingly implemented in a range of settings including supporting people with mild to moderate mental health needs, people with physical health issues and people with substance misuse issues. The IPS model has colleagues from Shaw Trust embedded into NHS services providing a wraparound approach. This supports people in and regularly sees an overall improvement in wellbeing. Aiming to support 2400 people to achieve their goals and improve their wellbeing over 2 years.

Spark Change was a ESIF Match Funded contract (matched by 5 London Boroughs) to improve employment opportunities, strengthen social inclusion, fight poverty, promote education, skills and life-long learning and develop active, comprehensive and sustainable inclusion policies and thereby contribute to economic, social and territorial cohesion.

Charities Aid Foundation - This was a grant awarded March 2021 from the Covid-19 Support Fund (initially a 3 year contract but funds were spent by Sept 2023). With a particular focus on care, construction and business sectors it was to fund learning and development post covid to support people back into employment.

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

Prior period adjustments

the restatement for the year relates to restricted income, expenditure and funds previously classified as unrestricted.

Notes to the financial statements (continued)

19. Restricted Funds (continued)

Reserves position

Funds previously reported	Unrestricted £'000	Restricted £'000	Total £'000
1 September 2021	(39,629)	129,325	89,696
Reclassification of Forth Sector and Forth Sector Development reserves	166	(166)	-
Funds restated	(39,463)	129,159	89,696

Funds previously reported	Unrestricted £'000	Restricted £'000	Total £'000
1 September 2022	17,904	191,483	209,387
Reclassification of Forth Sector and Forth Sector Development reserves	215	(215)	-
Funds restated	18,119	191,268	209,387

Income and expenditure

In 2021/22, the following restricted income and expenditure were misclassified as unrestricted. The comparatives have been restated to correct the classification.

The Shaw Trust: £1,803k income and expenditure has been restated as restricted. There is no impact on the reserves position in relation to this prior period adjustment.

Ixion Holdings (Contracts): £1,613k income and expenditure has been restated as restricted. There is no impact on the reserves position in relation to this prior period adjustment.

Notes to the financial statements (continued)

19. Restricted Funds (continued)

Prospects Services: £829k income and expenditure has been restated as restricted. There is no impact on the reserves position in relation to this prior period adjustment.

Forth Sector Group: £1,226k income and £1,181k expenditure have been restated as restricted. The impact of this adjustment on reserves is shown in the tables above.

20. Analysis of net assets between funds

	Designated	Unrestricted	Restricted	Total funds 2023
Group	£'000	£'000	£'000	£'000
Fund balances at 1 September 2022 are represented by:				
Intangible fixed assets	-	471	4	475
Tangible fixed assets	-	8,828	181,560	190,388
Investments in financial securities	-	4,949	-	4,949
Net current assets	2,616	15,410	15,639	33,665
Long-term liabilities	-	-	(589)	(589)
Provisions for liabilities and charges	-	(4,781)	-	(4,781)
Pension liability	-	-	(6,227)	(6,227)
Total net assets at 31 August 2023	2,616	24,877	190,387	217,880

	Designated	Unrestricted	Restricted	Total funds 2023
Company	£'000	£'000	£'000	£'000
Fund balances at 1 September 2022 are represented by:				
Intangible fixed assets	-	197	-	197
Tangible fixed assets	-	1,965	1,894	3,859
Investment in subsidiaries	-	23,355	-	23,355
Investments in financial securities	-	4,949	-	4,949
Net current assets	2,411	5,504	296	8,211
Long-term liabilities	-	-	-	-
Provisions for liabilities and charges	-	(2,639)	-	(2,639)
Total net assets at 31 August 2023	2,411	33,331	2,190	37,932

Notes to the financial statements (continued)

20. Analysis of net assets between funds (continued)

	Designated	Unrestricted	Restricted	Total funds 2022
2022 Comparison restated				
Group	£'000	£'000	£'000	£'000
Fund balances at 1 September 2021 are represented by:				
Intangible fixed assets	-	1,756	-	1,756
Tangible fixed assets	-	8,677	190,649	199,326
Investments in financial securities	-	4,823	-	4,823
Net current assets	2,666	5,666	16,122	24,454
Long-term liabilities	-	(122)	(912)	(1,034)
Provisions for liabilities and charges	-	(5,347)	-	(5,347)
Pension deficit	-	-	(14,591)	(14,591)
Total net assets at 31 August 2022	2,666	15,453	191,268	209,387

	Designated	Unrestricted (including pension surplus)	Restricted	Total funds 2022
2022 Comparison				
Company	£'000	£'000	£'000	£'000
Fund balances at 1 September 2021 are represented by:				
Intangible fixed assets	-	240	-	240
Tangible fixed assets	-	2,452	1,953	4,405
Investment in subsidiaries	-	21,355	-	21,355
Investments in financial securities	-	4,823	-	4,823
Current assets	2,461	43,530	497	46,488
Current liabilities	-	(43,747)	-	(43,747)
Long-term liabilities	-	-	-	-
Provisions for liabilities and charges	-	(4,356)	-	(4,356)
Pension deficit	-	-	-	-
Total net assets at 31 August 2022	2,461	24,297	2,450	29,208

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 charges for the year are:

	2023	2022
	£'000	£'000
Total current tax	-	27
Deferred tax		
Origination and reversal of timing differences	(2,599)	10,362
Adjustment in respect of prior periods	(6)	629
Impact of changes in tax rates	-	-
	<hr/>	<hr/>
Total deferred tax	(2,605)	10,991
	<hr/>	<hr/>
Tax on profit	<u>(2,605)</u>	<u>10,991</u>
	<hr/>	<hr/>
Other comprehensive income items	2,684	7,379
	<hr/>	<hr/>
Total tax charge (See note 2)	<u>79</u>	<u>18,370</u>

	2023	2022
	£'000	£'000
(Loss) / profit before taxation	(13,818)	3,883
(Loss) / profit before tax multiplied by the UK Corporation Tax rate of 21.52% (2022:19%)	(2,973)	738
Expenses not deductible for tax purposes	3,663	56
Qualifying charitable donations	(22)	(768)
Losses	-	-
Adjustments in respect of prior periods (current tax)	(6)	643
Adjustments in respect of prior periods (deferred tax)	(3,267)	10,322
Other timing differences	-	-
	<hr/>	<hr/>
Tax on (loss) / profit	<u>(2,605)</u>	<u>10,991</u>

Notes to the financial statements (continued)

22. Financial commitments

At 31 August 2023 the Group and Company had future minimum lease payments under non-cancellable operating leases expiring as follows:

Group	Property		Other	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Within one year	4,260	3,454	303	320
Between one and five years	5,247	4,583	350	280
After five years	830	1,388	-	-
Total	10,337	9,425	653	600

Company	Property		Other	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Within one year	1,546	1,430	33	65
Between one and five years	514	592	16	26
After five years	20	36	-	-
Total	2,080	2,058	49	91

Other operating leases relate to motor vehicles and computer equipment.

23. Capital commitments

As at 31 August 2023 the Trust had capital commitments £2,319k (2022: £1,715k).

Notes to the financial statements (continued)

24. Pension commitments

The Group had admission agreements, through Prospects Services, with Gloucestershire County Council, Northamptonshire County Council and Wolverhampton City Council responsible for the West Midlands Metropolitan Authorities Pension Fund.

Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined benefit schemes.

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment. The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The five local government pension schemes (LGPS) are 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'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 2023	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) - Closed	-	-	-	-
Platinum Pension Scheme (The Shaw Trust)	873	(685)	(188)	-
Staffordshire Council (LGPS), West Midland Pension Fund, Greater Manchester Pension Fund, Cheshire County Council Fund and Derbyshire Pension Fund (The Shaw Education Trust)	68,386	(74,613)	-	(6,227)
London Pensions Fund Authority (closed), the City of Bradford Metropolitan District Council (closed), Gloucestershire County Council, Northamptonshire County Council and Wolverhampton City Council.	30,218	(21,135)	(9,083)	-
At 31 August 2023	99,477	(96,433)	(9,271)	(6,227)

Year ended 31 August 2022	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)	3,310	(2,362)	(948)	-
Platinum Pension Scheme (The Shaw Trust)	1,056	(816)	(240)	-
Staffordshire Council (LGPS), West Midland Pension Fund, Greater Manchester Pension Fund, Cheshire County Council Fund and Derbyshire Pension Fund (The Shaw Education Trust)	62,663	(77,254)	-	(14,591)
London Pensions Fund Authority, the City of Bradford Metropolitan District Council, Gloucestershire County Council, Northamptonshire County Council and Wolverhampton City Council	146,572	(138,114)	(8,458)	-
At 31 August 2022	213,601	(218,546)	(9,646)	(14,591)

Notes to the financial statements (continued)

24. Pension commitments (continued)

Group	Assets £'000	Liabilities £'000	Asset ceiling £'000	2023 Total £'000
Deficit in the scheme as at 1 September 2022	213,601	(218,546)	(9,646)	(14,591)
Acquired in year	444	-	-	444
Administration expenses	(107)	-	-	(107)
Benefits paid	(2,099)	2,099	-	-
Transfers In	-	(772)	-	(772)
Employer contributions	6,053	-	-	6,053
Contribution from employees	1,455	(1,470)	-	(15)
Current service cost	-	(6,445)	-	(6,445)
Past service costs including curtailments	(2,440)	3,556	-	1,116
Settlements	(112,944)	99,543	-	(13,401)
Interest income / (expense)	5,064	(5,334)	-	(270)
Change in asset ceiling	-	-	375	375
Re-measurement gains / losses				
- Derecognition of assets	(3,289)	-	-	(3,289)
- Opening Balance adjustment	2,440	(3,544)	-	(1,104)
- Actuarial loss	(4,218)	39,166	-	34,948
- Other assumptions	1,941	(6,886)	-	(4,945)
- Return on plan assets excluding interest income	(6,424)	2,200	-	(4,224)
Deficit in the scheme as at 31 August 2023	99,477	(96,433)	(9,271)	(6,227)

Company

Year ended 31 August 2023

	Total Share of scheme assets £'000	Present value of scheme liabilities £'000	Asset ceiling £'000	Net pension (deficit) / surplus £'000
South Yorkshire Pension Scheme - Closed	-	-	-	-
Platinum Pension Scheme	873	(685)	(188)	-
At 31 August 2023	873	(685)	(188)	-

	Total Share of scheme assets £'000	Present value of scheme liabilities £'000	Asset ceiling £'000	Net pension (deficit) / surplus £'000
Year ended 31 August 2022				
South Yorkshire Pension Scheme	3,310	(2,362)	(948)	-
Platinum Pension Scheme	1,056	(816)	(240)	-
At 31 August 2022	4,366	(3,178)	(1,188)	-

Notes to the financial statements (continued)

24. Pension commitments (continued)

2022 comparatives have been restated for the effect of an Actuarial re-measurement of the Defined Benefits pension scheme.

South Yorkshire Pension Scheme - Closed

	2023	2022
Expected rate of salary increases	-	4.35%
Expected rate of increase of pensions in payments	-	3.35%
Rate of inflation	-	3.35%
Discount rate	-	4.25%

The mortality assumptions used were as follows:

Longevity at age 65 for current pensioners:

- Men	-	87.6
- Women	-	90.4

Longevity at 65 for future pensioners:

- Men	-	89.1
- Women	-	92.3

Reconciliation of scheme assets and liabilities:

	Assets	Liabilities	Asset ceiling	Total	2022
	£'000	£'000	£'000	£'000	£'000
Deficit in the scheme as at 1 September 2022	3,310	(2,362)	(948)	-	-
Benefits paid	-	-	-	-	1
Employer contributions	-	-	-	-	-
Contribution from employees	(15)	-	-	15	-
Current service cost	-	-	-	-	(23)
Past service cost	-	-	-	-	-
Settlements	(3,593)	2,362	-	(1,231)	-
Interest income / (expense)	89	-	-	89	5
Change in asset ceiling	-	-	948	948	(601)
Re-measurement gains / losses					
- Actuarial gain	534	-	-	534	748
- Other assumptions	-	-	-	-	(14)
- Return on plan assets excluding interest income	(325)	-	-	(325)	(116)
Surplus in the scheme as at 31 August 2023	-	-	-	-	-

Notes to the financial statements (continued)

24. Pension commitments (continued)

Total cost recognised as expense:	2023	2022
	£'000	£'000
Current service cost	-	23
Pension scheme settlements	1,231	-
Interest (income) / cost	(89)	(5)
	1,142	18

	Value at 31 August 2023	Value at 31 August 2022
	£'000	£'000
Equities	-	2,317
Bonds	-	662
Gilts	-	-
Property	-	298
Cash	-	33
Other	-	-
Total market value of assets	-	3,310
Present value of scheme liabilities	-	(2,362)
Scheme surplus	-	948
Asset ceiling	-	(948)
Net pension deficit	-	-

The return on the plan assets was:	2023	2022
	£'000	£'000
Interest income	89	58
Return on pension scheme assets less interest income	(325)	(116)
Total return on plan assets	(236)	(58)

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 2021 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:

	2023	2022
Expected rate of salary increases	N/A	N/A
Expected rate of increase of pensions in payments	3.20%	3.30%
Rate of inflation	3.20%	2.30%
Discount rate	5.40%	4.20%

The mortality assumptions used were as follows:

Longevity at age 65 for current pensioners:

- Men	85.9	85.9
- Women	88.7	88.8

Longevity at 65 for future pensioners:

- Men	87.2	87.1
- Women	89.9	90.2

Reconciliation of scheme assets and liabilities:

	Assets	Liabilities	Asset ceiling	Total	2022
	£'000	£'000	£'000	£'000	£'000
Deficit in the scheme as at 1 September 2022 (restated)	1,056	(816)	(240)	-	-
Administration expenses	(52)	-	-	(52)	(45)
Benefits paid	(36)	36	-	-	-
Employer contributions	51	-	-	51	44
Interest income / (expense)	44	(34)	-	10	4
Change in asset ceiling	-	-	52	52	(26)
Re-measurement gains / losses					
- Actuarial gain / (loss)	-	129	-	129	488
- Return on plan assets excluding interest income	(190)	-	-	(190)	(465)
Surplus in the scheme as at 31 August 2023	873	(685)	(188)	-	-

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:

	2023 Total	2022 Total
	£'000	£'000
Equities	-	-
Bonds	461	520
Gilts	412	536
Other	-	-
Total market value of assets	873	1,056
Present value of scheme liabilities	(685)	(816)
Scheme surplus	188	240
Asset ceiling	(188)	(240)
Total pension surplus	-	-

The return on the plan assets was:

	2023	2022
	£'000	£'000
Interest income	44	26
Return on pension scheme assets less interest income	(190)	(465)
Total return on plan assets	(146)	(439)

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 The Shaw Education Trust.

(The Shaw Education Trust Pension Schemes)

Staffordshire Council (LGPS)

Principal actuarial assumptions:

	2023	2022
Expected rate of salary increases	3.45%	3.45%
Expected rate of increase of pensions in payments	2.95%	3.05%
Rate of inflation	2.95%	3.05%
Discount rate	5.20%	4.25%

The mortality assumptions used were as follows:

Longevity at age 65 for current pensioners:

- Men	84.9	86.2
- Women	89.1	88.8

Longevity at 65 for future pensioners:

- Men	86.3	87.2
- Women	90.2	90.5

West Midland Pension Fund

Principal actuarial assumptions:

	2023	2022
Expected rate of salary increases	4.00%	4.05%
Expected rate of increase of pensions in payments	3.00%	3.05%
Rate of inflation	3.00%	3.05%
Discount rate	5.20%	4.25%

The mortality assumptions used were as follows:

Longevity at age 65 for current pensioners:

- Men	85.3	86.2
- Women	88.4	88.6

Longevity at 65 for future pensioners:

- Men	86.0	87.9
- Women	89.7	90.4

Notes to the financial statements (continued)

24. Pension commitments (continued)

Greater Manchester Pension Fund

Principal actuarial assumptions:

	2023	2022
Expected rate of salary increases	3.00%	3.80%
Expected rate of increase of pensions in payments	3.00%	3.05%
Rate of inflation	2.95%	3.05%
Discount rate	3.80%	4.25%

The mortality assumptions used were as follows:

Longevity at age 65 for current pensioners:		
- Men	85.0	85.3
- Women	88.8	88.2
Longevity at 65 for future pensioners:		
- Men	85.7	86.6
- Women	89.8	90.1

Cheshire Pension Fund

Principal actuarial assumptions:

	2023	2022
Expected rate of salary increases	2.95%	3.75%
Expected rate of increase of pensions in payments	2.95%	3.05%
Rate of inflation	3.00%	3.05%
Discount rate	3.65%	4.25%

The mortality assumptions used were as follows:

Longevity at age 65 for current pensioners:		
- Men	86.0	86.2
- Women	88.2	88.8
Longevity at 65 for future pensioners:		
- Men	83.8	87.1
- Women	89.6	90.5

Notes to the financial statements (continued)

24. Pension commitments (continued)

Derbyshire Pension Fund

Principal actuarial assumptions:

	2023	2022
Expected rate of salary increases	3.95%	3.75%
Expected rate of increase of pensions in payments	2.95%	3.05%
Rate of inflation	2.95%	3.05%
Discount rate	5.20%	4.25%

The mortality assumptions used were as follows:

Longevity at age 65 for current pensioners:		
- Men	85.8	86.1
- Women	88.8	88.8
Longevity at 65 for future pensioners:		
- Men	86.6	87.2
- Women	90.3	90.6

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 2023	Value at 31 August 2022
	£'000	£'000
Equities	46,709	43,392
Corporate bonds	16,246	10,956
Property	6,331	5,692
Cash and other liquid assets	2,389	2,623
Other assets	-	-
Derecognition of assets	(3,289)	-
Total market value of assets	68,386	62,663
Present value of scheme liabilities	(74,613)	(77,254)
Net pension deficit	(6,227)	(14,591)

Notes to the financial statements (continued)

24. Pension commitments (continued)

Total cost recognised as an expense:

	Value at 31 August 2023	Value at 31 August 2022
	£'000	£'000
Current service cost	5,940	11,407
Past service cost	(1,116)	52
Interest income	(2,805)	(994)
Interest cost	3,430	2,201
Total operating charge	5,449	12,666

London Pensions Fund Authority (closed), Gloucestershire County Council, Northamptonshire County Council, Wolverhampton City Council and Platinum (Prospects Services Pension Schemes)

The actuarial valuations for the Company have been updated to 31 August 2023 by qualified independent actuaries. The major assumptions used across the schemes described above, were:

	2023	2022
Expected rate of salary increases *	3.45 – 4.00%	3.35 – 4.20%
Expected rate of increase of pensions in payments	2.95 – 3.20%	3.05 – 3.20%
Rate of inflation	2.95 – 3.20%	3.00 – 3.20%
Discount rate	5.20 – 5.40%	4.20 – 4.25%

PSS = Promotional salary scale

The mortality assumptions used were as follows:

Longevity at age 65 for current pensioners:

- Men	85.6 – 87.1	85.9 – 86.7
- Women	87.8 – 90.1	86.8 – 89.1

Longevity at 65 for future pensioners:

- Men	86.5 – 87.2	87.1 – 88.1
- Women	90.1 – 90.6	90.3 – 90.8

* 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 prior year:

	Assets	Liabilities	Asset ceiling	Total 2023	Total 2022
	£'000	£'000	£'000	£'000	£'000
Deficit in the scheme as at 1 September 2022	146,572	(138,114)	(8,458)	-	(70,759)
Administration expenses	(55)	-	-	(55)	(146)
Benefits paid	(1,077)	1,077	-	-	(122)
Employer contributions	36	-	-	36	1,036
Contribution from employees	128	(128)	-	-	5
Current service cost	-	(505)	-	(505)	(1,075)
Past service cost	-	-	-	-	-
Settlements	(109,351)	97,181	-	(12,170)	-
Interest income / (expense)	2,126	(1,870)	-	256	(1,121)
Change in asset ceiling	-	-	(625)	(625)	(6,241)
Re-measurement gains / losses					
- Actuarial gain / (loss)	(4,752)	17,724	-	12,972	78,155
- Other assumption	(250)	1,300	-	1,050	1,087
- Return on plan assets excluding interest income	(3,159)	2,200	-	(959)	14,988
Surplus in the scheme as at 31 August 2023	30,218	(21,135)	(9,083)	-	-

The actual return on plan assets over the period ending 31 August 2023 was £703,000 (2022: £1,231,000).

25. Business combinations

Academy conversions: The Shaw Education Trust (SET)

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

During the year a further school was converted to SET (2021–22: two) The figures are shown in the following table.

Portland School and Specialist College - transferred 26 January 2023.

No cash consideration has been paid to the academy, 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.

25. Business combinations (continued)

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 The Shaw Education Trust (SET).

	2023 Total	2022 Total
	£'000	£'000
Fixed assets - tangible fixed assets	7,007	7,404
Cash at bank	-	445
Liabilities < one year	-	-
Pension liability	(328)	(2,113)
Net assets acquired	6,679	5,736
Acquisition Cost	-	-
Goodwill arising from acquisition	-	-

Notes to the financial statements (continued)

26. Related Party Transactions

Related party transactions amongst group entities for the year included staff and central management recharges, Gift Aid profits, cash transfers, loans, and balances written off. The net movements of each entity due to group entities are disclosed below.

Intra-Group Transactions	2023 £'000	2022 £'000
Forth Sector	321	(216)
Forth Sector Development Limited	(47)	73
Homes2Inspire Limited	1,516	(3,012)
Ixion CG Limited	26	(1)
Ixion Holdings (Contracts) Limited	523	655
Ixion Social Enterprises	128	-
Optimus Education Limited	1,029	763
Prospects Education Services Limited	1,881	(2)
Prospects Group (2011) Limited	(1,872)	(2)
Prospects Services	5,998	(6,749)
The Shaw Trust Limited	(9,786)	7,425
Shaw Trust Services Limited	283	1,038
Shaw Education Trust	-	29
	-	-

Notes to the financial statements (continued)

26. Related Party Transactions (continued)

Intra-Group Balances	2023 £'000	2022 £'000
Forth Sector	(2,359)	(2,680)
Forth Sector Development Limited	222	269
Homes2Inspire Limited	(14,270)	(15,786)
Ixion CG Limited	26	-
Ixion Holdings (Contracts) Limited	546	23
Ixion Social Enterprises	751	623
Optimus Education Limited	12	(1,017)
Prospects Education Services Limited	(6)	(1,887)
Prospects Group (2011) Limited	(6,657)	(4,785)
Prospects Services	15,476	9,478
The Shaw Trust Limited	6,259	16,045
Shaw Trust Services Limited	-	(283)
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Notes to the financial statements (continued)

26. Related Party Transactions (continued)

The Trust requires all Trustees to complete a Declaration of Interest. 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 2023. 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 2023	Value of expenditure made to Related Party	Outstanding expenditure balance at 31 August 2023
Business Services Association	-	-	13,111	-
ERSA (UK) Limited	-	-	7,000	-

27. Financial Instruments

	Note	Group		Company	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Financial Assets					
Trade debtors	13	19,937	15,597	5,768	5,070
Intercompany		-	-	5,874	16,045
Other debtors	13	1,212	723	183	118
Investment in financial securities	10	15,424	4,823	4,949	4,823
Total Financial Assets		36,573	21,143	16,774	26,056
Financial Liabilities					
Trade creditors	16	4,360	4,661	1,078	1,571
Other creditors	16	5,646	8,333	1,322	6,829
Loans	16/16b	1,039	1,285	-	-
Accruals	16	6,506	12,307	2,597	4,396
Total Financial Liabilities		17,551	26,586	4,997	12,796

Notes to the financial statements (continued)

28. Post Balance Sheet Events

The Shaw Trust disposed its wholly owned subsidiary, Shaw Trust Services Limited (Company Number: 03176328) on 2nd October 2023 as going concern.

The Shaw Trust also applied voluntary basis to companies' house to strike off multiple dormant companies. None of these companies were in operation or had any financial significance to the Trust or its operations.

On the 17th January 2024 Good Work Partners Ltd was incorporated as a new subsidiary (Company Number: 15420664) as well as Homes2Inspire Services Ltd (Company Number: 15420675). The former relates to the launch of a new ethical recruitment agency, while the latter is a management company to support the administrative functions of H2I.

Shaw Trust agreed to dispose of 100% shares of Optimus Education Limited on 30th April 2024 as going concern.

Notes to the financial statements (continued)

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

Trustees

Sir Kenneth Olisa OBE, Chairman (resigned 10 May 2023)

Paul Baldwin * ~

Olly Benzecry (appointed 22 February 2023), Chairman from 10 May 2023

Diane Côté * ~

Audrey Coutinho * ^

Deborah Dorman ♦

Annamarie Hassall MBE

Paul McGee * (resigned 20 September 2023)

Jeremy Moore CB ^ (resigned 21 April 2023)

Dr Mike Nussbaum ^ ♦

Lara Oyesanya ^ ♦

Kalm Paul-Christian ^

Stephen Pegge ~

Steve Shaw ♦

James Stewart ~ ♦

Gregory Allen (appointed 6 March 2023)

Carl Nicholson (appointed 6 March 2024)

Christine Swabey (appointed 6 March 2024)

* Member of the Audit and Risk Committee

^ Member of the Commercial and Performance Committee

~ Member of the Finance Committee

♦ Member of the HR Committee

Executive Management Team

Chris Luck CB MBE

Group Chief Executive Officer

Stephen King

Chief Financial Officer

(resigned 2 October 2023)

James Robertson

Chief Financial Officer

(from 28 July 2023)

Scott Miller

Chief Operating Officer

Mark Earl

Chief People Officer

Richard Clifton

Chief Commercial Officer

Jo Morgan

Chief Executive Officer – The 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