

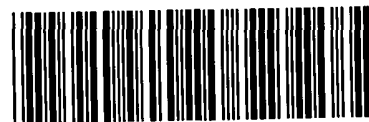
Company Registration No. 09067175 (England and Wales)

THE SHAW EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017



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THE SHAW EDUCATION TRUST

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THE SHAW EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Mr D Bateson
Mr M Cladingbowl (Appointed 18 November 2016)
Mr M Hawker
Mrs J Morgan (Chief Executive Officer and Accounting Officer)
Mr J Norman
Mr R O'Shaughnessy
Mr D Phipps (Appointed 18 November 2016)
Mr C Richards (Chair)

Members

The Shaw Trust	Corporate Member
Mr C Richards	
Mr R O'Shaughnessy	

Executive Leadership Team

Mrs J Morgan	CEO and Accounting Officer
Mrs J Yarwood	Director of Education, Standards and Training
Mr P Harrison	Deputy Director of Education, Standards and Training
Miss H Turner	Finance Director
Mr G Lawrie	Operations Director

Company secretary

Mr N Carey

Company registration number

09067175 (England and Wales)

Registered office

The Lodge
Wolstanton High School
Milehouse Lane
Newcastle-under-Lyme
Staffordshire
ST5 9JU

Academies operated

Blackfriars Academy
Coppice Academy
Walton Hall Academy
Wolstanton High School

Location

Staffordshire
Staffordshire
Staffordshire
Staffordshire

Principal

Mrs A Parr
Mrs D Ahearn
Mrs P Carmichael
Mrs J Yarwood (Executive
Principal)
Mrs M Buxton
Mrs I Abrahams
Mr L Nixon
Mrs S Armstrong
Mrs S Mitchell
Mrs H Proctor

Saxon Hill Community Special School
Great Barr Academy
Madeley Academy
Castlebrook Academy
Seabridge Primary
The Meadows Primary Academy

Staffordshire
Birmingham
Staffordshire
Bury
Staffordshire
Staffordshire

THE SHAW EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor	PricewaterhouseCoopers LLP 2 Glass Wharf Bristol BS2 0FR
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Bankers	Natwest Bank 135 Bishopsgate London EC2M 3UR
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Solicitors	Winckworth Sherwood Minerva House 5 Montague Close London SE1 9BB
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THE SHAW EDUCATION TRUST

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees present their annual report together with the financial statements and independent auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

As at the 31 August 2017, the Shaw Education Trust operated nine academies for pupils aged 2-21 across Staffordshire, Birmingham and Bury. They are:

Academy	Location	Type	Funded Places
Blackfriars Academy	Staffordshire	Secondary Special	180
Coppice Academy	Staffordshire	Secondary Special	87
Walton Hall Academy	Staffordshire	Secondary Special	120
Wolstanton High School	Staffordshire	Secondary Mainstream	826
Saxon Hill School	Staffordshire	All-through Special	92
Great Barr Academy	Birmingham	Secondary Mainstream	1776
Madeley Academy	Staffordshire	Secondary Mainstream	635
Castlebrook Academy	Bury	Secondary Mainstream	797
Seabridge Academy	Staffordshire	Primary Mainstream	414
		TOTAL	4,927

The Shaw Education Trust is a full subsidiary of The Shaw Trust. Both companies are aligned in mission, vision and values. The accounts of the Shaw Education Trust are consolidated into the group accounts of the Shaw Trust.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The charitable company is known as The Shaw Education Trust.

The trustees of The Shaw Education Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' indemnities

The Trust subscribes to the Risk Protection Arrangement (RPA) with the Education and Skills Funding Agency (ESFA). This arrangement includes unlimited Trustees' indemnity cover.

Method of recruitment and appointment or election of trustees

The management of the charitable company is the responsibility of the trustees who are elected and co-opted under the terms of the articles of association. With the exception of the Chief Executive Officer the term of office for any trustee is four years.

THE SHAW EDUCATION TRUST

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Policies and procedures adopted for the induction and training of trustees

Trustee's recruitment is targeted at both the ability of prospective trustees to support the academies within the academy trust as well as any skills needs identified by the board evaluation process. As such, a careful balance of experience and expertise is ensured. A board evaluation process is undertaken regularly and training is arranged for any shortfalls. New trustees are provided with all necessary documents to undertake their role, enrolled with the National Governors' Association and have access to formal training through external agencies upon identification of need or on request.

Organisational structure

The Shaw Trust is the sponsor company of the Shaw Education Trust.

The Shaw Trust provides three sponsor trustees to the Shaw Education Trust board. Additionally the Shaw Trust board meet bi-monthly and review the progress of the Shaw Education Trust as a standard agenda item.

The Shaw Education Trust board of trustees have overall responsibility and ultimate decision making authority for all the work of the Trust, including establishing and running schools. The full board of trustees and two subcommittees (Finance and audit and Educational Performance and Standards meet on a termly basis . Nominations and Remunerations meet bi-annually and audit annually.

The day to day management and responsibility for the running of the Academies has been delegated to the Chief Executive Officer, who is also the Accounting Officer, and is supported by an Executive Leadership Team.

Principals have been appointed in each academy and report to the Chief Executive Officer and individual Academy Councils.

The board of trustees fulfil their responsibilities through strategic planning and by the setting of policy and standards as well as taking responsibility for the oversight and management of risk. The board of trustees have the power to direct change where required as indicated within the Scheme of Delegation.

The Scheme of Delegation which has been centrally established, details levels of authority and appropriate parties within transparent earned autonomy guidelines.

Each Academy has a local governing body, these are called Academy Councils. The Academy Council assists in the monitoring and advising of standards and target setting in their Academy. They also have delegated authority to ensure policies and procedures are effectively deployed within the day to day running of the Academy. The Academy Council has an important community facing role, ensuring the Academy meets the needs of its community and the pupils attending the Academy. The Academy Council shall meet at least twice a term and have a minimum of two sub committees, one of which incorporates Health, Safety and Safeguarding.

Related parties and other connected charities and organisations

As described in note 21 of the accounts, two trustees are also trustees of The Shaw Trust who are the corporate sponsor of the trust. The ambitions of the two trusts are to work closely with each other to change fundamentally the lives of young people for the better so that they can gain the confidence, dignity and independence necessary to take their place in society.

The Shaw Trust has donated funds during the period to support the academy trust with particular staff costs at board and central level. No amounts were outstanding at the period end.

THE SHAW EDUCATION TRUST

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Objectives and activities

Objects and aims

Our Vision

Our vision is for a society in which everyone has the opportunity to excel, gain employment and sustain independence; a society where aspiration is the norm and high achievement the only acceptable standard. Barriers to success will be removed by high quality educational and training experiences.

Our mission

We believe every young person can achieve great things, whatever their ability and whatever their background. We will facilitate excellence by all and for all: with no exceptions.

We will deliver 'best in class' tailored learning to ensure that every young person attending one of our academies has the opportunity and support required to achieve their potential.

High quality intervention and targeted leadership development will be the foundation stone of our Trust. We will accelerate improvement in all our academies from their individual starting points. Schools facing challenge will be intensively supported to 'get to good' within two years. Leaders will be celebrated, encouraged to excel, think innovatively and be incredible.

We pledge an unswerving commitment to improve the life chances of all the young people in our academies. We will focus on bridging the gap between school and the outside world to give young people the best chances to progress to high quality further/higher education, employment or training.

We will create a self-sustaining family of schools who will support each other's success and promote consistently high standards across the Trust. Our academies will be great places to work, buzz with creativity and achieve awesome outcomes.

Our values

To be pupil and people centered: To ensure everything we do realises the full potential of the pupils we are here to help. We will provide caring, tailored and supportive environments where young people can flourish. We will ensure that all members of the school community are the focus of our activity and as servant leaders we shall enable their success.

To act with integrity: To be an organisation that is open and transparent, actively embraces equality and diversity and has an honest, inclusive and respectful culture which everyone can trust.

To be innovative: To be a creative, forward-thinking organisation that finds new ways of doing things. To break down barriers to learning, stimulating exciting futures and securing independent living. We will be relentless in our pursuit of the excellence which has the power to change lives.

To be best in class: To be a top performing education provider that helps every single pupil on their journey towards achieving their potential. We believe our staff are our greatest asset. We will support leaders, teachers and staff to provide exceptional teaching, learning and outcomes.

To be accountable: The Shaw Education Trust, its schools, and staff, are accountable to our pupils and stakeholders. We will demonstrate personal responsibility by carrying out our roles to the best of our ability and in adherence with our values.

THE SHAW EDUCATION TRUST

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Our ambition

Our Trust will consist of schools from all phases, all sectors and across a range of Ofsted categories.

We will challenge prejudice and low expectation for young people who are marginalised in society and support those whose aspirational ambitions, talents and abilities are squashed by poor quality teaching, learning and educational provision.

Education silos will be eradicated and our academies will work symbiotically for the good of each individual, within the community in which they live.

Our Trust will be self-sustaining: leadership and strength will be grown from within.

SET will be a national player and key influencer of educational direction by active engagement with system leaders.

Our training programmes will be second to none, with professional development at the heart of our corporate strategy.

We will provide school improvement services and high quality professional mentoring for Principals and future leaders.

We will lead the way in initial teacher training.

Objectives, strategies and activities

Shaw Education Trust objectives 2017- 2021

Shaw Education Trust has clear strategic aims built on our mission and values.

Our three year strategic plan is based on growth development from an emergent multi-academy trust to a leading provider of exceptional outcomes.

We will:

- Raise standards for young people within our Trust so they exceed previous attainment performance and make progress beyond national averages
- Communicate a compelling strategic vision which is effectively delivered through shared accountabilities and corporate cohesion
- Embed a clear accountability framework at all levels, which effectively manages performance and has a significant impact on standards
- Establish robust quality assurance mechanisms across the academies within the Trust which enable consistently outstanding performance
- Ensure effective governance is secured through regular review, transparent lines of delegated authority, planned scrutiny and targeted challenge
- Provide bespoke school improvement services which accelerate performance and generate internal strength
- Manage risk to safeguard individual and corporate reputation
- Plan for succession, promote talent and develop staff at all levels to enable the very best to be retained and harnessed as a corporate strength.
- Contribute to the broader education agenda by engaging with then leading, local, regional and national networks
- Lead new initiatives to secure high quality teacher training, creating a high quality supply chain.

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

Public benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

THE SHAW EDUCATION TRUST

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Strategic report

Achievements and performance

Strategic reporting

The CEO and Executive Leadership Team provide a comprehensive full report to the Trustees three times per year alongside six, business led sub-committee agendas.

The standard termly format details a report from the CEO, which includes DfE (Department of Education), RSC (Regional Schools Commissioner), Ofsted updates, operational review, staffing, reports to sponsor, business plan, schools update and MAT self-evaluation; a report from the Director of Education, which includes school data and outcomes update, CPD (Continued Professional Development) updates, improvement activity and current assessment of our academies; Director of Finance report and Director of Operations report, which includes CIF (Conditional Improvement Fund), risk assessment, traps and triggers, HR, governance and buildings.

This enables the Trustees to have a broad understanding of current performance indicators and ensure robust governance.

Progress is shared with the sponsor Board through a formal meeting process.

Operational planning

The Board of Trustees receive a termly report from the CEO which details progress against operational objectives and updates the board on outstanding matters and successes. This is risk assessed and progress is evaluated by the Board.

This report incorporates business updates and the Board receives Due Diligence reports on potential schools looking to on-board with the Trust. These are then discussed and the Board approves or challenges the Executive Leadership Team's recommendations. Educational considerations and financial detail are scrutinised in depth to ensure effective risk management and growth strategy.

Self-evaluation

The Board receives a termly report on the progress of the Trust using the nine step Carter model. The CEO and ELT evaluate the position of the company as it grows and develops from: beginning; developing; embedding and leading. The most recent evaluation places the Trust between developing and embedding in all categories, however we self-assess that we are 'leading' in our Trust wide commitment to making a contribution to local, regional and national educational networks beyond the MAT.

Staffing

From the onset the board of trustees understood the need to establish a more sustainable staffing structure to manage the academy trust and increase our capacity to support academies effectively. Progress has been made at the end of our second period. We have appointed a very experienced educational Chief Executive; a Director of Education; Director of Special Schools; three Subject Directors; a permanent Finance Director and a Director of Operations. We have also enhanced the team by creating several administrative posts to support the Trust's efficacy, this includes an HR manager.

Alongside this we have increased the capacity of Blackfriars Teaching School by augmenting the number of Local Leaders in Education (LLE's) and Specialist Leaders in Education (SLE's) linked to the team. We also regularly engage an LLE consultant with significant experience in school improvement to support one of our academies. There are three national Leaders in Education (NLEs) in the Trust (including the CEO) which covers all three sectors; secondary, special and primary.

Recent developments have added a School Centred Initial Teacher Training (SCITT) and Research School to the Trust portfolio. These come with allotted staffing which is linked to external grants.

The CEO and the central team are continuing to develop strategy to support the more effective delivery of services. Evaluations of catering, IT, estates, and capital development are well underway. The academy trust has recently commissioned improved delivery of catering and co-ordinated plans for buildings improvement across all of the existing academies. We were successful in achieving over £10 million from the Conditions Improvement Fund bid rounds which has had a significant impact on the environments of our academies.

THE SHAW EDUCATION TRUST

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Key performance indicators

The SET Executive Team provide the Board of Trustees with a comprehensive evaluation of each Academy's performance. The data includes external analysis (examinations and Ofsted) and internal monitoring, evaluation and quality assurance.

One of our academy's, Walton Hall has been inspected by Ofsted under Section 5 since our sponsorship. The school moved from Requires Improvement (RI) to Good. Saxon Hill and Walton Hall have received regulatory inspections of their residential provision and were judged Outstanding.

Our internal evaluation of performance in our four special Academies would place them all in the Good to Outstanding range: Blackfriars, Outstanding; Coppice, Good; Walton Hall, Good; Saxon Hill, Outstanding.

Our mainstream secondary academies: Wolstanton High RI; Madeley High, Good with Outstanding features; Great Barr, RI with Good features and Castlebrook, RI with Good features. Performance at GCSE level has improved in all the academies since they have been with the Trust.

Seabridge Primary we evaluate as Outstanding, with results at KS1 and 2 significantly above the national average. The SCITT has been assessed by Ofsted as Outstanding.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of trustees continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Financial review

The financial objectives are to enable the trust to consistently provide high quality education for all students whilst undertaking to provide the best value for money on resources expended and to conduct all business in accordance with high standards of integrity. Financial objectives and policies are regularly reviewed throughout the financial year.

The risk management objective is to ensure that there are no events which can substantially impact on the provision of education. A budget with expenditure balanced against expected income from the Education and Skills Funding Agency (ESFA) is set, without the reliance on reserves. Additional expenditure may be approved in year against additional income or reserves as deemed fit by the trustees.

The academy trust is a wholly owned subsidiary of The Shaw Trust. The financial activity of academy trust is fully consolidated into The Shaw Trust group accounts.

The policy of the academy trust is to review risks arising and address them at trustees meetings or sooner if required.

The deficit on the restricted pension fund of £20.7m arises from an actuarial deficit on the local government pension scheme, which will be dealt with as advised by the actuary.

THE SHAW EDUCATION TRUST

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Reserves policy

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them to commitments, including future capital projects, and the need to maintain sufficient reserves to cover any unexpected urgent expenditure requirements, especially to buildings repair not covered by insurance. The board of trustees identify capital projects on an annual basis and reserves are reviewed alongside this exercise.

At 31 August 2017 unrestricted reserves show a surplus £2.5million. However, these reserves are in the large committed for expenditure within academies as contribution to capital projects or restructuring of staff. Total reserves also include £20.7 million of pension liabilities.

Investment policy and powers

The trust currently has no material investments.

Principal risks and uncertainties

The trust ensures that the identification, evaluation and monitoring of significant risks is a continuous process.

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

The assessment of risk is linked to the evolving trust strategy and the following have been identified as key risks:

- The inability to achieve growth and development objectives set by the board of trustees both culturally and commercially to enable its long term viability.
- The inability to deliver the required educational, pastoral or financial standards.
- Physical/mental or emotional harm caused to others.
- Loss or damage to premises and/or physical assets.
- The unexpected interruption in normal service delivery.

The trust is taking appropriate steps to monitor and mitigate the risks to the organisation by ensuring:

- The adoption of a range of policies and procedures which clearly set out the controls that will enable the effective management of risk and regulatory compliance.
 - Clearly defined terms of reference for the trust which ensures appropriate organisational structures and governance arrangements.
 - Objectives, strategies and tactical plans are clearly defined and communicated within the academy trust.
 - The independent review and audit of all trust activities on a regular basis.
 - All staff recruited to the trust are appropriately qualified and experienced. Effective Continuous Professional Development (CPD) to develop skills, set clear expectations and objectives and to drive improvement.
 - Adequate engagement and dialogue with stakeholders to address issues and concerns.
 - Robust assessment of all financial and educational risks of new schools prior to joining the academy trust.
-

THE SHAW EDUCATION TRUST

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Plans for future periods

The academy trust began supporting the first three Academies on the 1st October 2014 when three Staffordshire special schools joined. Blackfriars Academy and Coppice Academy joined as converter Academies and Walton Hall Academy became a sponsored Academy.

One of our key objectives for the first/second year of operation was to extend the family of schools in the West Midlands cluster and move into the North West. Our priority remains to recruit schools from all sectors, secondary, primary as well as special schools. In year two we added a mainstream secondary school, Wolstanton High School and a further all-through special school, Saxon Hill. From October 2017 our total composite will be ten; this will include four secondary mainstream schools (including 1 Directive Academy Order) and two primary schools. Our targeted growth area for year three includes the development of our primary cluster and further special school engagement. We also aim to review post 18 and post 21 provision in the special sector in light of statutory changes.

As we grow the trustees we will continue to drive school improvement using a multi-faceted and evolutionary approach. We continue to work closely with our sponsor, The Shaw Trust, to develop systems and procedures to improve transition into employment and to provide effective learning environments for our students.

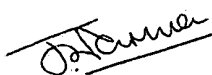
Auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

A resolution proposing that PricewaterhouseCoopers LLP be reappointed as auditor of the charitable company will be put to the members.

The strategic report was approved by order of the board of trustees, as the company directors, on 19 December 2017 and signed on its behalf by:



Mr J Norman
Director

THE SHAW EDUCATION TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that The Shaw Education Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Shaw Education Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Mr D Bateson	3	4
Mr M Cladingbowl (Appointed 18 November 2016)	2	2
Mr M Hawker	4	5
Mrs J Morgan (Chief Executive Officer and Accounting Officer)	3	4
Mr J Norman	5	5
Mr R O'Shaughnessy	3	5
Mr D Phipps (Appointed 18 November 2016)	2	2
Mr C Richards (Chair)	3	3

The finance and audit committee is a sub-committee of the main board of trustees. Its purpose is to provide the overview and high-level scrutiny of the performance of Academies and the Trust against agreed priorities and operational plans.

The principle of 'no duplication of governance' requires a clear differentiation of the nature of the scrutiny and challenge provided by the Trust Board Sub-Committees of each region's contribution to the overall performance of the Academy Trust. This compares with the Regional Board's scrutiny of each individual academy's contribution to regional performance.

As part of the Finance Sub-Committee, there will be a remuneration committee for determining the CEO salary. The CEO (or managers with the CEO's delegated authority) determine salaries of all other employees, subject to the overall budget limits and pay policy approved by the Trust Board in the Scheme of Delegation.

Attendance at Finance/Audit Committee meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mr M Hawker	3	3
Mrs J Morgan (Chief Executive Officer and Accounting Officer)	3	3
Mr D Phipps (Appointed 18 November 2016)	3	3

THE SHAW EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Review of value for money

As accounting officer the Chief Executive Officer has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Ensuring best value is robustly applied to all procurement
- Reviewing costs and exploring economies of scale in contracting
- Purchasing licenses in "bulk" to reduce additional costs to academies
- Sharing centrally employed personnel to reduced individual academy costs
- Analysing value for money in tendered services and re-negotiating the cost rates
- Securing economies of scale in procurement related to ICT programmes and systems
- Ensuring salaries are locally and nationally benchmarked
- Staffing structures are appropriate and without excess
- Ensured financial review in each academy promotes best value and lean costing

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Shaw Education Trust for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance and audit committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Moore Stephens as internal auditor.

THE SHAW EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The internal auditors role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of purchase card systems

The internal auditor reports to the board of trustees through the finance and audit committee on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

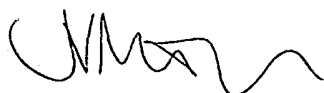
Review of effectiveness

As accounting officer the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 19 December 2017 and signed on its behalf by:



Mrs J Morgan
Chief Executive Officer and Accounting Officer

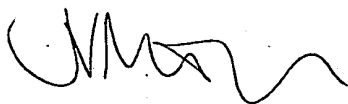
THE SHAW EDUCATION TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2017

As accounting officer of The Shaw Education Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA.



Mrs J Morgan
Chief Executive Officer and Accounting Officer

19 December 2017

THE SHAW EDUCATION TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees (who also act as governors for The Shaw Education Trust and are also the directors of The Shaw Education Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. 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 affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these financial statements, the trustees are required to:

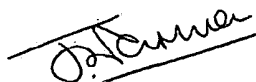
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have been applied for the purposes intended.

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.

Approved by order of the board of trustees on 19 December 2017 and signed on its behalf by:



Mr J Norman
Director

THE SHAW EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SHAW EDUCATION TRUST

Opinion

In our opinion, Shaw Education Trust's financial statements:

- give a true and fair view of the state of the charitable Academy's (the "Academy Trust") affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law);
- have been prepared in accordance with the requirements of the Companies Act 2006;
- have been prepared in accordance with the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

We have audited the financial statements, included within the Trustees Report and Audited Financial Statements (the "Annual Report"), which comprise: the Academy Trust balance sheet as at 31 August 2017; the statement of financial activities including the income and expenditure account, the Academy Trust statement of cash flows; the accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Academy Trust's ability to continue as a going concern.

THE SHAW EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SHAW EDUCATION TRUST (CONTINUED)

Reporting on Other Information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

Strategic Report

With respect to the Strategic Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report for the year ended 31 August 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report.

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Academy Trust, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the Academy Trust's financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Responsibilities of the Trustees for financial statements

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they 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 Academy Trust'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 Academy Trust or to cease operations, or have no realistic alternative but to do so.

THE SHAW EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SHAW EDUCATION TRUST (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

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/auditors-responsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Academy Trust's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and Article 69 (d) of the Academy Trust's funding agreement with the Secretary of State for Education and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Katharine Finn

For and on behalf of PricewaterhouseCoopers LLP (Reporting Accountant)
Bristol

Dated: 20 December 2017

- (a) The maintenance and integrity of the Shaw Education Trust's website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

THE SHAW EDUCATION TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE SHAW EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 7 November 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Shaw Education Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them, as set out in the Academies Accounts Direction 2016 to 2017.

This report is made solely to Shaw Education Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Shaw Education Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than Shaw Education Trust and the ESFA, for our work, for this report, or for the conclusion we have formed, save where expressly agreed in writing.

Respective responsibilities of The Shaw Education Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Shaw Education Trust's funding agreement with the Secretary of State for Education dated 24 September 2014 and the Academies Financial Handbook, extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them, as set out in the Academies Accounts Direction 2016 to 2017.

Approach

We conducted our limited assurance engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion as described above.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

THE SHAW EDUCATION TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE SHAW EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

The work undertaken to draw to our conclusion includes:

Delegated Authorities

Reviewing evidence of prior approval from the Secretary of State for write-offs over 1% of total income or £45,000 (whichever is smaller).

Reviewing special payments to staff, including compromise agreements has there been regard to the following:

- prior approval has been sought for non-contractual elements over £50,000;
- payments are not used as a substitute for taking appropriate action under the academy's misconduct or performance management procedures; and
- payments are in line with the severance guidance published by EFA.

Transactions with Connected Parties

In accordance with the academy trust's internal processes and sections 2.5 and 2.6 of the Handbook checking that:

- declarations of business interests have been completed (for those in a position to influence the academy trust, including key staff);
- contracts with connected parties have been procured following the academy trust's procurement and governors who provide consultancy services to the academy are not receiving a profit for their services and the correct procurement and tendering process is being followed;
- no connected party gains from their position by receiving payments under terms that are preferential; and
- if employees are providing external consultancy that the income is being received into the academy's accounts if the work was performed within the academy's normal working hours.

Procurement

In relation to procurement:

- confirming through enquiry and sample testing that the lines of delegation and the limits set both internally and by EFA have been adhered to;
- considering whether tendering procedures have been administered through the Official Journal of the European Union (OJEU) where necessary;
- considering whether formal contracts are in place, where required;
- considering whether tendering policies have been adhered to; and
- considering whether procurement activity has been in accordance with Annex 4.6 of Managing Public Money.

Governance

In relation to governance considering whether:

- minutes of the various committees, and management accounts, have been reviewed for indications of irregular transactions; and
- the board of trustees and accounting officer have given formal representations of their responsibilities.

Internal Controls

In relation to controls:

- considering whether the general control environment has regard to the regularity of underlying transactions;
- considering whether significant changes within the control environment have led to potential weaknesses that could impact the regularity of underlying transactions;
- checking through enquiry and sample testing that gifts and hospitality are given and received in line with the academy trusts policies;
- checking through enquiry and sample testing that the use of expense claims or credit cards adheres to internal control principles (and supported by receipts);
- checking through enquiry and sample testing expenditure does not contravene the funding agreement; and
- checking through enquiry and sample testing that items claimed on expenses or purchased on credit cards are not for personal benefit.

Income

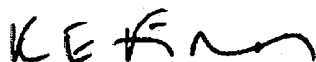
In relation to income we considered the conditions associated with specialist grant income and whether it has been spent as the purposes intended.

THE SHAW EDUCATION TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE SHAW EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to the purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them, as set out in the Academies Accounts Direction 2016 to 2017.



Katharine Finn

For and on behalf of PricewaterhouseCoopers LLP (Reporting Accountant)
Bristol

Dated: 20 December 2017

THE SHAW EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 AUGUST 2017

	Note	Unrestricted Funds £000	Restricted funds: General Fixed asset £000 £000	Total 2017 £000	Total 2016 £000
Income and endowments from:					
Donations and capital grants	2	487	180	3,062	3,729
Donations - transfer from local authority on conversion	26	1,490	(8,641)	35,699	28,548
Donations - transfer of existing academy into the trust	26	48	-	7,296	7,344
Charitable activities:					
- Funding for educational operations	3	(2)	26,461	-	26,459
- Funding for boarding activities	25	-	860	-	860
Other trading activities	4	406	421	-	827
Investments	5	17	-	-	17
Total income and endowments		<u>2,446</u>	<u>19,281</u>	<u>46,057</u>	<u>67,784</u>
Expenditure on:					
Raising funds	6	-	16	-	16
Charitable activities:					
- Educational operations	7	-	29,304	1,405	30,709
- Boarding Activities	25	-	879	-	879
Total expenditure	6	<u>-</u>	<u>30,199</u>	<u>1,405</u>	<u>31,604</u>
Net income/(expenditure)		2,446	(10,918)	44,652	36,180
Transfers between funds		(495)	296	199	-
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	19	-	(356)	-	(356)
Revaluation of fixed assets	12	-	-	2,129	2,129
Net movement in funds		<u>1,951</u>	<u>(10,978)</u>	<u>46,980</u>	<u>37,953</u>
Reconciliation of funds					
Total funds brought forward		<u>1,002</u>	<u>(10,157)</u>	<u>41,682</u>	<u>32,527</u>
Total funds carried forward		<u>2,953</u>	<u>(21,135)</u>	<u>88,662</u>	<u>70,480</u>

THE SHAW EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Comparative year information		Unrestricted	Restricted funds:		Total
Year ended 31 August 2016		Funds	General	Fixed asset	2016
	Note	£000	£000	£000	£000
Income and endowments from:					
Donations and capital grants	2	34	433	2,081	2,548
Donations - transfer from local authority on conversion	26	383	(3,878)	17,111	13,616
Charitable activities:					
- Funding for educational operations	3	2	13,274	-	13,276
- Funding for boarding activities	25	-	756	-	756
Other trading activities	4	374	46	-	420
Total income and endowments		<u>793</u>	<u>10,631</u>	<u>19,192</u>	<u>30,616</u>
Expenditure on:					
Raising funds	6	-	2	-	2
Charitable activities:					
- Educational operations	7	53	14,741	559	15,353
- Boarding Activities	25	-	758	-	758
Total expenditure	6	<u>53</u>	<u>15,501</u>	<u>559</u>	<u>16,113</u>
Net income/(expenditure)		740	(4,870)	18,633	14,503
Transfers between funds		(319)	319	-	-
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	19	-	(1,221)	-	(1,221)
Revaluation of fixed assets	12	-	-	(1,433)	(1,433)
Net movement in funds		<u>421</u>	<u>(5,772)</u>	<u>17,200</u>	<u>11,849</u>
Reconciliation of funds					
Total funds brought forward		<u>581</u>	<u>(4,385)</u>	<u>24,482</u>	<u>20,678</u>
Total funds carried forward		<u>1,002</u>	<u>(10,157)</u>	<u>41,682</u>	<u>32,527</u>

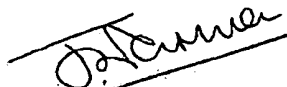
THE SHAW EDUCATION TRUST

BALANCE SHEET

AS AT 31 AUGUST 2017

		2017		2016	
	Note	£000	£000	£000	£000
Fixed assets					
Intangible assets	11		16		-
Tangible assets	12		87,244		39,858
			87,260		39,858
Current assets					
Debtors	13	2,614		905	
Cash at bank and in hand		4,499		3,294	
		7,113		4,199	
Current liabilities					
Creditors: amounts falling due within one year	14	(3,103)		(1,180)	
Net current assets			4,010		3,019
Total assets less current liabilities			91,270		42,877
Creditors: amounts falling due after more than one year	15		(74)		(77)
Net assets excluding pension liability			91,196		42,800
Defined benefit pension liability	19		(20,716)		(10,273)
Net assets			70,480		32,527
Funds of the academy trust:					
Restricted funds	17				
- Fixed asset funds			88,662		41,682
- Restricted income funds			(419)		116
- Pension reserve			(20,716)		(10,273)
Total restricted funds			67,527		31,525
Unrestricted income funds	17		2,953		1,002
Total funds			70,480		32,527

The financial statements set out on pages 22 to 54 were approved by the board of trustees and authorised for issue on 19 December 2017 and are signed on its behalf by:



Mr J Norman
Director

Company Number 09067175

THE SHAW EDUCATION TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £000	2016 £000
Cash flows from operating activities			
Net cash provided by operating activities	20	308	761
Cash funds transferred on conversion		1,538	383
		<u>1,846</u>	<u>1,144</u>
Cash flows from investing activities			
Dividends, interest and rents from investments		17	-
Capital grants from DfE and ESFA		3,062	2,058
Capital funding from sponsors and others		-	24
Payments to acquire intangible fixed assets		(21)	-
Payments to acquire tangible fixed assets		(3,662)	(296)
		<u>(604)</u>	<u>1,786</u>
Cash flows from financing activities			
Repayment of long term bank loan		(37)	-
		<u>(37)</u>	<u>-</u>
Change in cash and cash equivalents in the reporting period		<u>1,205</u>	<u>2,930</u>
Cash and cash equivalents at 1 September 2016		3,294	364
Cash and cash equivalents at 31 August 2017		<u><u>4,499</u></u>	<u><u>3,294</u></u>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Shaw Education Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Conversion to an academy trust

The conversion from a state maintained school to an academy trust, or the transfer of an existing academy to an academy trust, involves the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transactions are set out in note 26.

1.4 Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Transfer of assets on conversion

Where assets are received by the trust on conversion to an academy, the transferred 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 trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.

Transfer of assets from existing academies

Where assets are received on the transfer of an existing academy into the trust, the transferred 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 trust, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the Transfer of an existing academy into the trust within Donations and capital grant income.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

1.6 Intangible fixed assets and amortisation

Intangible assets costing £3,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software - 4 years

1.7 Tangible fixed assets and depreciation

Assets costing £3,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold Land & Buildings	125 years
Freehold Buildings	50 years
IT Equipment	4 years
Building Improve'ts	10 years
Equipment & Vehicles	4 years

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

1.8 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.9 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.10 Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows.

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.11 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.12 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus 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.

1.13 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency.

2 Donations and capital grants

	Unrestricted funds £000	Restricted funds £000	Total 2017 £000	Total 2016 £000
Private sponsorship	-	180	180	413
Capital grants	-	3,062	3,062	2,057
Other donations	487	-	487	78
	<u>487</u>	<u>3,242</u>	<u>3,729</u>	<u>2,548</u>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

3 Funding for the academy trust's educational operations

	Unrestricted funds £000	Restricted funds £000	Total 2017 £000	Total 2016 £000
DfE / ESFA grants				
General annual grant (GAG)	-	20,417	20,417	8,731
Start up grants	-	155	155	48
Other DfE / ESFA grants	-	1,412	1,412	516
	-	21,984	21,984	9,295
Other government grants				
Local authority grants	-	3,876	3,876	3,347
Special educational projects	-	517	517	508
	-	4,393	4,393	3,855
Other funds				
Teaching Schools income	-	84	84	124
Other incoming resources	(2)	-	(2)	2
	(2)	84	82	126
Total funding	(2)	26,461	26,459	13,276

4 Other trading activities

	Unrestricted funds £000	Restricted funds £000	Total 2017 £000	Total 2016 £000
Hire of Facilities	110	-	110	92
Catering income	56	-	56	56
Parental Contributions	8	74	82	50
Teaching Schools income	-	-	-	32
Other income	232	347	579	190
	406	421	827	420

5 Investment income

	Unrestricted funds £000	Restricted funds £000	Total 2017 £000	Total 2016 £000
Short term deposits	17	-	17	-

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

6 Expenditure

	Staff costs £000	Premises & equipment £000	Other costs £000	Total 2017 £000	Total 2016 £000
Expenditure on raising funds	-	-	16	16	2
Academy's educational operations					
- Direct costs	18,714	-	1,518	20,232	10,152
- Allocated support costs	5,552	2,948	1,977	10,477	5,204
Boarding Activities					
- Direct costs	702	-	20	722	569
- Allocated support costs	67	50	44	161	186
	<u>25,035</u>	<u>2,998</u>	<u>3,575</u>	<u>31,608</u>	<u>16,113</u>

Net expenditure for the year includes:

	2017 £000	2016 £000
Fees payable to auditors for audit services	33	26
Operating lease rentals	28	6
Depreciation of tangible fixed assets	1,400	559
Amortisation of intangible fixed assets	5	-
Net interest on defined benefit pension liability	407	311
	<u></u>	<u></u>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

6 Expenditure

(Continued)

Central services

The academy trust has provided the following central services to its academies during the year:

- School Improvement Support
- Marketing / Academy Promotion
- Special Academies Finance Manager
- Financial Management support
- External Audit Fees
- Internal Audit Fees
- Accountancy Fees (relating to consolidation of accounts – monthly and annual)
- ESFA Returns
- Bank Charges
- Land and Buildings valuations, Condition Surveys
- Annual actuary re-valuation fees
- ESFA Risk Protection Arrangement
- Minibus Insurance
- Overseas School Trip Insurance
- Engineering Inspection Insurance
- ICO Compliance
- SIMS Annual License Costs (not support costs)
- PS Financials License Costs (not support costs)
- SET Salaries
- Data management software
- Group purchasing arrangements / Contract negotiations
- Quality Assurance framework
- Policy and Standards Management
- Website
- CPD courses and training- 4 programmes: Senior Leaders; Middle Leaders; Teachers and Teaching Assistants
- Headteacher support
- Governance support and links
- KS3 graduation

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

6 Expenditure

(Continued)

The academy trust charges for these services on the following basis:

For the financial year 2016/17 The Shaw Education Trust has retained the following percentage of a constituent academies GAG funding:

- 3% For mainstream academies rated Good and Outstanding by Ofsted (2015/16: 3%)
- 5% For mainstream academies rated Requiring Improvement and Special Measures by Ofsted (2015/16: 5%)
- 5% For Special academies (2015/16: 3%)

Income for the purposes of this calculation is only DfE/ESFA grants excluding the following grants:

- Pupil Premium Funding
- Year 7 Catch Up Funding
- PE Sports Grants
- Nursery Funding
- Universal Free School Meals Funding
- Summer School Funding
- Other non-GAG Government Funding
- Top-Up Funding for special educational needs (SEN) or Additional Educational Needs funding (AEN) in mainstream academies
- Other income generated by individual academies
- PFI Income

The amounts charged during the year were as follows:

	Total £000
Blackfriars Academy	93
Coppice Academy	45
Walton Hall Academy	62
Wolstanton High School	119
Saxon Hill Community Special School	60
Great Barr Academy	202
Madeley Academy	59
Castlebrook Academy	120
Seabridge Primary	11
	758

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

7 Charitable activities

	2017 £000	2016 £000
All from restricted funds:		
Direct costs - educational operations	20,232	10,152
Direct costs - boarding activities	722	569
Support costs - educational operations	10,473	5,204
Support costs - boarding activities	161	186
	<u>31,588</u>	<u>16,111</u>

	Boarding £000	Educational operations £000	Total 2017 £000	Total 2016 £000
Analysis of support costs				
Support staff costs	67	5,552	5,619	2,851
Depreciation and amortisation	-	1,405	1,405	559
Technology costs	7	243	250	117
Premises costs	46	1,324	1,370	651
Other support costs	37	1,475	1,512	859
Governance costs	4	474	478	353
	<u>161</u>	<u>10,473</u>	<u>10,634</u>	<u>5,390</u>

8 Staff costs

	2017 £000	2016 £000
Wages and salaries	17,663	9,590
Social security costs	1,639	726
Operating costs of defined benefit pension schemes	4,135	1,978
Apprenticeship levy	38	-
Staff costs	<u>23,475</u>	<u>12,294</u>
Supply staff costs	1,027	369
Staff restructuring costs	393	163
Staff development and other staff costs	140	-
Total staff expenditure	<u>25,035</u>	<u>12,826</u>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

8 Staff costs

(Continued)

Staff numbers

The average number of persons employed by the academy trust during the year was as follows:

	2017 Number	2016 Number
Teachers	303	279
Administration and support	691	152
Management	56	32
	<u>1,050</u>	<u>463</u>

Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2017 Number	2016 Number
£60,001-£70,000	9	5
£70,001-£80,000	8	1
£80,001-£90,000	4	1
£90,001-£100,000	-	1
£100,001 +	2	1
	<u>23</u>	<u>9</u>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £253,696 (2016: £163k). Individually, the payments were:

Redundancy Payments

£45,906.70
£5,258.16
£2,114.52
£5,198.76
£19,005.92
£77,607.00
£12,398.40
£22,710.87
£6,024.44
£8,656.34
£18,815.13

Severance Payments

£20,000.00
£10,000.00

Other restructuring costs

nil

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

8 Staff costs

(Continued)

Key management personnel

The key management personnel of the academy trust comprise the trustees the executive management team and the academy principals as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £1,200,613.

9 Trustees' remuneration and expenses

The Chief Executive Officer is a Trustee (ex-Officio) and has been paid remuneration or has received other benefits from an employment with the academy trust as detailed below:

Mrs J Morgan (Chief Executive Officer and Accounting Officer):	
Remuneration	£150,000 - £155,000
Employer's Pension Contributions	£20,000 - £25,000

Trustees do not receive paid remuneration or other other benefits from the academy trust.

10 Trustees and officers insurance

The academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where the UK Government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

11 Intangible fixed assets

	Computer software £000
Cost	
At 1 September 2016	-
Additions	21
At 31 August 2017	21
Amortisation	
At 1 September 2016	-
Charge for year	5
At 31 August 2017	5
Net book value	
At 31 August 2017	16
At 31 August 2016	-

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

12 Tangible fixed assets

	Leasehold Land & Buildings £000	Freehold Buildings £000	IT Equipment £000	Building Improve'ts £000	Equipment & Vehicles £000	Total £000
Cost						
At 1 September 2016	30,119	10,096	-	297	20	40,532
Transfer on conversion	20,456	22,319	14	195	12	42,996
Additions	-	-	217	2,296	67	2,580
Assets under construction	-	-	-	969	-	969
Revaluation	2,241	-	-	-	-	2,241
At 31 August 2017	52,816	32,415	231	3,757	99	89,318
Depreciation						
At 1 September 2016	357	302	-	8	7	674
Charge for the year	446	594	61	268	31	1,400
At 31 August 2017	803	896	61	276	38	2,074
Net book value						
At 31 August 2017	52,013	31,519	170	3,481	61	87,244
At 31 August 2016	29,762	9,794	-	289	13	39,858

13 Debtors

	2017 £000	2016 £000
Trade debtors	514	463
VAT recoverable	829	221
Prepayments and accrued income	1,271	221
	2,614	905

14 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Government loans	-	34
Trade creditors	1,696	459
Other taxation and social security	347	224
Other creditors	282	230
Accruals and deferred income	778	233
	3,103	1,180

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

15	Creditors: amounts falling due after more than one year	2017	2016
		£000	£000
	Government loans	74	77
		<u>74</u>	<u>77</u>
	Analysis of loans		
	Wholly repayable within five years	74	111
	Less: included in current liabilities	-	(34)
		<u>74</u>	<u>77</u>
	Amounts included above	74	77
		<u>74</u>	<u>77</u>
	Loan maturity		
	Debt due in one year or less	-	34
	Due in more than one year but not more than two years	37	37
	Due in more than two years but not more than five years	37	40
		<u>74</u>	<u>111</u>
		<u>74</u>	<u>111</u>
16	Deferred income	2017	2016
		£000	£000
	Deferred income is included within:		
	Creditors due within one year	256	29
		<u>256</u>	<u>29</u>
	Deferred income at 1 September 2016	29	-
	Released from previous years	(29)	-
	Amounts deferred in the year	256	29
		<u>256</u>	<u>29</u>
	Deferred income at 31 August 2017	256	29
		<u>256</u>	<u>29</u>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2017 £000
Restricted general funds					
General Annual Grant	-	20,417	(21,849)	352	(1,080)
Start up grants	-	155	(101)	-	54
Other DfE / ESFA grants	80	1,412	(1,380)	-	112
Other government grants	-	4,393	(4,393)	-	-
Boarding Activities	-	860	(883)	-	(23)
Other restricted funds	36	685	(147)	(56)	518
	<u>116</u>	<u>27,922</u>	<u>(28,753)</u>	<u>296</u>	<u>(419)</u>
Funds excluding pensions	(10,273)	(8,641)	(1,446)	(356)	(20,716)
	<u>(10,157)</u>	<u>19,281</u>	<u>(30,199)</u>	<u>(60)</u>	<u>(21,135)</u>
Restricted fixed asset funds					
Transferred on conversion & Inherited	30,963	42,995	-	-	73,958
DfE / ESFA capital grants	1,537	3,062	(1,405)	(112)	3,082
Capital expenditure from GAG	18	-	-	143	161
Revaluation Reserve	9,140	-	-	2,241	11,381
Private Sector Capital Sponsorship	24	-	-	56	80
	<u>41,682</u>	<u>46,057</u>	<u>(1,405)</u>	<u>2,328</u>	<u>88,662</u>
Total restricted funds	<u>31,525</u>	<u>65,338</u>	<u>(31,604)</u>	<u>2,268</u>	<u>67,527</u>
Unrestricted funds					
General funds	<u>1,002</u>	<u>2,446</u>	<u>-</u>	<u>(495)</u>	<u>2,953</u>
Total funds	<u>32,527</u>	<u>67,784</u>	<u>(31,604)</u>	<u>1,773</u>	<u>70,480</u>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

The specific purposes for which the funds are to be applied are as follows:

Restricted General Funds

These comprise all restricted funds other than restricted fixed assets funds and include grants from the Education and Skills Funding Agency and Local Authorities.

Unrestricted Funds

These comprise resources that may be used towards meeting any of the charitable objectives of the academy trust at the discretion of the trustees.

Restricted Fixed Asset Funds

These comprise resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency and Local Authorities where the asset acquired or created is held for a specific purpose.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

Movements in funds - previous year

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2016 £000
Restricted general funds					
General Annual Grant	(99)	8,731	(8,780)	151	3
Start up grants	-	48	(48)	-	-
Other DfE / ESFA grants	243	516	(679)	-	80
Other government grants	23	3,855	(4,046)	168	-
Boarding Activities	2	756	(761)	-	(3)
Other restricted funds	81	493	(538)	-	36
	<u>250</u>	<u>14,399</u>	<u>(14,852)</u>	<u>319</u>	<u>116</u>
Funds excluding pensions	(4,635)	(3,768)	(649)	(1,221)	(10,273)
	<u>(4,385)</u>	<u>10,631</u>	<u>(15,501)</u>	<u>(902)</u>	<u>(10,157)</u>
Restricted fixed asset funds					
Transferred on conversion	13,852	17,111	-	-	30,963
DfE / ESFA capital grants	39	2,057	(559)	-	1,537
Capital expenditure from GAG	18	-	-	-	18
Revaluation Reserve	10,573	-	-	(1,433)	9,140
Private Sector Capital Sponsorship	-	24	-	-	24
	<u>24,482</u>	<u>19,192</u>	<u>(559)</u>	<u>(1,433)</u>	<u>41,682</u>
Total restricted funds	<u>20,097</u>	<u>29,823</u>	<u>(16,060)</u>	<u>(2,335)</u>	<u>31,525</u>
Unrestricted funds					
General funds	<u>581</u>	<u>793</u>	<u>(53)</u>	<u>(319)</u>	<u>1,002</u>
Total funds	<u>20,678</u>	<u>30,616</u>	<u>(16,113)</u>	<u>(2,654)</u>	<u>32,527</u>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

Total funds analysis by academy

Fund balances at 31 August 2017 were allocated as follows:

	Total £000
Blackfriars Academy	443
Coppice Academy	302
Walton Hall Academy	156
Wolstanton High School	264
Saxon Hill Community Special School	62
Great Barr Academy	882
Madeley Academy	(118)
Castlebrook Academy	222
Seabridge Primary	303
Central services	18
Total before fixed assets fund and pension reserve	2,534
Restricted fixed asset fund	88,662
Pension reserve	(20,716)
Total funds	70,480

Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total £000
Blackfriars Academy	2,919	489	186	478	4,072
Coppice Academy	1,088	172	36	181	1,477
Walton Hall Academy	1,476	574	61	312	2,423
Wolstanton High School	2,640	847	307	417	4,211
Saxon Hill Community Special School	1,931	344	46	323	2,644
Great Barr Academy	4,794	1,736	455	609	7,594
Madeley Academy	1,482	377	168	189	2,216
Castlebrook Academy	1,301	628	89	264	2,282
Seabridge Primary	354	72	112	67	605
Central services	595	286	10	454	1,345
	18,580	5,525	1,470	3,294	28,869

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

Funds analysis by academy - previous year

	Total 2016 £000
Fund balances at 31 August 2016 were allocated as follows:	
Blackfriars Academy	399
The Coppice Academy	225
Walton Hall Academy	77
Wolstanton High School	308
Saxon Hill Community Special School	28
Central services	81
Total before fixed assets fund and pension reserve	1,118
Restricted fixed asset fund	41,682
Pension reserve	(10,273)
Total funds	<u>32,527</u>

Total cost analysis by academy - previous year

Expenditure incurred by each academy during the previous year was as follows:

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2016 £000
Blackfriars Academy	2,734	628	163	467	3,992
The Coppice Academy	1,017	258	45	147	1,467
Walton Hall Academy	1,385	610	127	252	2,374
Wolstanton High School	2,950	766	251	374	4,341
Saxon Hill Community Special School	1,419	426	50	172	2,067
Central services	299	96	13	257	665
	<u>9,804</u>	<u>2,784</u>	<u>649</u>	<u>1,669</u>	<u>14,906</u>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Analysis of net assets between funds

	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total 2017 £000
Fund balances at 31 August 2017 are represented by:				
Intangible fixed assets	-	-	16	16
Tangible fixed assets	-	-	87,244	87,244
Current assets	2,534	3,177	1,402	7,113
Creditors falling due within one year	-	(2,325)	-	(3,103)
Creditors falling due after one year	-	(74)	-	(74)
Accruals and deferred income	-	(778)	-	-
Defined benefit pension liability	-	(20,716)	-	(20,716)
	<u>2,534</u>	<u>(20,716)</u>	<u>88,662</u>	<u>70,480</u>
Balance to allocate	419	(419)	-	-
Per balance sheet	2,953	(21,135)	88,662	70,480
	<u>2,953</u>	<u>(21,135)</u>	<u>88,662</u>	<u>70,480</u>
	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total 2016 £000
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	39,858	39,858
Current assets	1,002	1,373	1,824	4,199
Creditors falling due within one year	-	(1,180)	-	(1,180)
Creditors falling due after one year	-	(77)	-	(77)
Defined benefit pension liability	-	(10,273)	-	(10,273)
	<u>1,002</u>	<u>(10,157)</u>	<u>41,682</u>	<u>32,527</u>

19 Pensions and similar obligations

The 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, which are managed by the Staffordshire Pension Fund, West Midlands Pension Fund and Greater Manchester Pension Fund. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £164,480 (2016: £100,073) were payable to the schemes at 31 August 2017 and are included within creditors.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to the TPS in the period amounted to £1,239,695 (2016: £674,738).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 5.5% for employers and 12.5% for employees.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

The LGPS obligation relates to the employees of the academy trust who were employees transferred as part of the conversion from the maintained school (as described in note 26) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Total contributions made	2017 £000	2016 £000
Employer's contributions	1,547	947
Employees' contributions	388	269
Total contributions	1,935	1,216

Principal actuarial assumptions	2017 %	2016 %
Rate of increases in salaries	2.8-4.2	2.5
Rate of increase for pensions in payment	2.4-2.7	2.1
Discount rate	2.5-2.6	2.1

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2017 Years	2016 Years
Retiring today		
- Males	21.5-22.1	22.1
- Females	24.1-24.4	24.3
Retiring in 20 years		
- Males	23.7-24.1	24.3
- Females	26.2-26.6	26.6

Scheme liabilities would have been affected by changes in assumptions as follows:

	2017 £'000	2016 £'000
Real discount rate -0.1%	642	-
Salary increase rate +0.1%	160	-
Pension increase rate +0.1%	468	-

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

The academy trust's share of the assets in the scheme

	2017 Fair value £000	2016 Fair value £000
Equities	9,269	4,988
Bonds	1,531	732
Property	956	532
Cash	512	399
Other assets	69	-
Total market value of assets	12,337	6,651

Actual return on scheme assets - gain/(loss)	1,390	987
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Amounts recognised in the statement of financial activities

	2017 £000	2016 £000
Current service cost	2,575	1,285
Past service cost	11	-
Interest income	(199)	(186)
Interest cost	606	497
Total operating charge	2,993	1,596

Changes in the present value of defined benefit obligations

	2017 £000	2016 £000
Obligations at 1 September 2016	16,924	7,514
Obligations acquired on conversion	11,127	5,337
Current service cost	2,575	1,285
Interest cost	606	497
Employee contributions	388	269
Actuarial loss	1,547	2,022
Benefits paid	(125)	-
Past service cost	11	-
At 31 August 2017	33,053	16,924

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

Changes in the fair value of the academy trust's share of scheme assets

	2017 £000	2016 £000
Assets at 1 September 2016	6,651	2,879
Assets acquired on conversion	2,486	1,569
Interest income	199	186
Actuarial gain	1,191	801
Employer contributions	1,547	947
Employee contributions	388	269
Benefits paid	(125)	-
At 31 August 2017	12,337	6,651

20 Reconciliation of net income to net cash flows from operating activities

	2017 £000	2016 £000
Net income for the reporting period	36,180	14,503
Adjusted for:		
Net surplus on conversion to academy	(35,892)	(13,616)
Capital grants from DfE/ESFA and other capital income	(3,062)	(2,081)
Investment income receivable	(17)	-
Defined benefit pension costs less contributions payable	1,039	338
Defined benefit pension net finance cost	407	311
Depreciation of tangible fixed assets	1,400	559
Amortisation of intangible fixed assets	5	-
(Increase) in debtors	(1,709)	(11)
Increase in creditors	1,957	758
Net cash provided by operating activities	308	761

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

21 Related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

Related Parties: Corporate Sponsor, The Shaw Trust

There are two trustees of the Shaw Education Trust, who are also trustees of The Shaw Trust.

The following financial transactions took place between The Shaw Education Trust and the sponsor Shaw Trust in the year:

£378,298 donation from Shaw Trust to Shaw Education Trust as contribution to board and central costs (2016: £441,176)

£28,000 donation from the Shaw Trust Fund Raising Team to Coppice Academy to contribute to a new sensory room and equipment (2016: £nil)

£18,900 donation from the Shaw Trust Fund Raising Team to Blackfriars College to contribute towards a new school minibus (2016: £nil)

£20,000 donation from the Shaw Trust Fund Raising Team to Madeley School to contribute towards rebranding and redecoration of the school (2016: £nil)

£30,000 donation from the Shaw Trust Fund Raising Team to Saxon Hill Academy to contribute towards a community Foodbank (2016: £nil)

At the end of the financial year £267k (2016: £nil) was due to the Shaw Education Trust from the Shaw Trust.

Related Parties: Employees

T Ahearn who is employed by the academy trust is the son of D Ahearn who is part of the academy senior management team. During the year T Ahearn received remuneration for this employment of £10,000-£15,000 (2016: £nil)

M Morrell who is employed by the academy trust is the partner of H Turner who is part of the executive leadership team. During the year M Morrell received remuneration for this employment of £10,000-£15,000. (2016: £25,000-£30,000)

S Johnson who is employed by the academy trust is the partner of R Millington who is part of the academy senior management team. During the year S Johnson received remuneration for this employment of £30,000 - £35,000. (2016: £30,000-£35,000)

R Parr who is employed by the academy trust is the husband of A Parr who is part of the academy senior management team. During the year R Parr received remuneration for this employment of £15,000-£20,000 (2016: £10,000-£15,000)

A Cameron who is employed by the academy trust is the daughter of A Cameron who is part of the academy senior management team. During the year A Cameron received remuneration for this employment of £10,000-£15,000 (2016: £nil)

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

21 Related party transactions

(Continued)

In entering into these transactions, the academy trust has complied with the requirements of the Academies Financial Handbook 2016.

22 Post balance sheet events

In October 2017, the Meadows primary, Madeley, Staffordshire joined The Shaw Education Trust in October 2017.

23 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

24 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent of the ESFA. In the accounting period ending 31 August 2017 the trust received £47k and disbursed £47k from the fund.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

25 Boarding Activities trading account	2017		2016	
	£000	£000	£000	£000
Direct income				
Government grants		860		756
Direct costs				
Direct staff costs	701		562	
Technology costs	1		1	
Educational supplies and services	4		4	
Examination fees	1		-	
Staff development	1		-	
Educational consultancy	7		-	
Other direct costs	7		2	
	<u>722</u>		<u>569</u>	
Other costs				
Support staff costs	67		142	
Technology costs	7		2	
Maintenance of premises and equipment	25		8	
Cleaning	3		1	
Energy costs	14		12	
Rent and rates	4		2	
Insurance	4		-	
Security and transport	-		2	
Catering	18		17	
Other support costs	15		3	
Share of governance costs	4		3	
	<u>161</u>		<u>192</u>	
Total expenditure		(883)		(761)
Surplus/(deficit) from all sources		<u>(23)</u>		<u>(5)</u>
Boarding Activities balances at 1 September 2016		-		2
Boarding Activities balances at 31 August 2017		<u>(23)</u>		<u>(3)</u>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

26 Conversion to an academy

On 1 December 2016 Great Barr Academy (formerly Great Barr High School) converted to academy status under the Academies Act 2010 and all of the operations and assets and liabilities were transferred to the Shaw Education Trust (SET) from Birmingham City Council for £nil consideration.

On 1 January 2017 Madeley Academy an existing academy under the Academies Act 2010, transferred to the Shaw Education Trust (SET) with all of its operations and assets and liabilities for £nil consideration.

On 1 February 2017 Castlebrook Academy (formerly Castlebrook High School) converted to academy status under the Academies Act 2010 and all of the operations and assets and liabilities were transferred to the Shaw Education Trust (SET) from Bury Local Authority for £nil consideration.

On 1 June 2017 Seabridge Primary School (including Keele and North Staffordshire Teacher Education (KNSTE)) converted to academy status under the Academies Act 2010 and all of the operations and assets and liabilities were transferred to the Shaw Education Trust (SET) from Staffordshire County Council for £nil consideration.

The transfers have been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

Academy	Location	Date of conversion
Great Barr Academy	Birmingham	1 December 2016
Madeley Academy	Staffordshire	1 January 2017
Castlebrook Academy	Bury	1 February 2017
Seabridge Primary	Staffordshire	1 June 2017

Net assets transferred:	2017 £000
Freehold land and buildings	22,319
Leasehold land and buildings	20,456
Other tangible fixed assets	221
Cash	1,538
LGPS pension surplus/(deficit)	(8,641)
	35,893

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

26 Conversion to an academy

(Continued)

Funds surplus/(deficit) transferred:	Unrestricted	Restricted funds:		Total
	Funds £000	General £000	Fixed asset £000	2017 £000
Fixed assets funds	-	-	42,996	42,996
LA budget funds	1,538	-	-	1,538
LGPS pension funds	-	(8,641)	-	(8,641)
	<u>1,538</u>	<u>(8,641)</u>	<u>42,996</u>	<u>35,893</u>