

Registered Number 1744121
Registered Charity Number 287785
A Company Limited by Guarantee

The Shaw Trust Limited
Consolidated annual report
and financial statements
for the year ended 30 March 2002



The Shaw Trust Limited

Consolidated annual report and financial statements for the year ended 30 March 2002

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The Shaw Trust Limited

Legal and administrative information

Patrons

Evelyn Glennie OBE
Sir Geoffrey Holland KCB
Sir Maurice Johnston KCB, OBE
R M Mansell-Jones
H Orr-Ewing
Rt Hon Sir Richard Needham

Trustees

| | |
|---------------------|---|
| Sir Derek Hornby Kt | (President) |
| H Orr-Ewing | (Vice President) (Resigned 31 January 2002) |
| C Richards OBE | (Vice President) |
| J R Bradbeer * ♦ | (Chairman) |
| C W L Keen* | (Hon Treasurer) |
| J F Briffitt ♦ | |
| M Daymond | (Appointed 28 March 2002) |
| D J Hinton | |
| S Innes* | |
| Miss A Wadlow ♦ | |

* Member of the Audit Committee

♦ Member of the Remuneration Committee

Senior executives

| | |
|----------------|---------------------|
| T V F Papé OBE | (Director General) |
| I Charlesworth | (Managing Director) |
| M P Beaven | (Finance Director) |

Secretary and registered office

M P Beaven
Shaw House
Epsom Square
White Horse Business Park
Trowbridge
Wiltshire
BA14 0XJ

Auditors

PricewaterhouseCoopers
31 Great George Street
Bristol
BS1 5QD

The Shaw Trust Limited

Bankers

Barclays Bank Plc
PO Box 47
37 Milsom Street
Bath BA1 1DW

Property advisers

Hamilton Chartered Surveyors
22 Gay Street
Bath
BA1 2PD

Solicitors

Beachcroft Wansbroughs
10-22 Victoria Street
Bristol
BS99 7UD

Eversheds

11-12 Queen Square
Bristol
BS1 4NT

Osborne Clarke

2 Temple Back East
Temple Quay
Bristol
BS1 6EG

The Shaw Trust Limited

Trustees' report for the year ended 30 March 2002

The Trustees present their report and the audited financial statements for The Shaw Trust Limited and its subsidiary companies for the year ended 30 March 2002.

The legal and administrative information set out on pages 1 and 2 forms part of this report. The financial statements have been prepared in accordance with the requirements of the Memorandum and Articles of Association, the Companies Act 1985, the applicable Accounting Standards in the United Kingdom and the requirements of the revised Statement of Recommended Practice ('SORP 2000'), "Accounting and Reporting by Charities" published in October 2000 and the Charities Act 1993.

Governing document

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

Objects of the Trust

The objects of the Trust are to promote the education, training and rehabilitation of the persons who, by reason of mental or physical handicap or otherwise, are in need and unable to gain employment or further their education and the establishment of centres where such persons may be trained for employment.

The aims of the Trust

Shaw Trust's mission is to enable disabled and disadvantaged people to achieve their potential in work opportunities.

Trustees and organisational structure

The Trustees in office during the year and at the date of this report are set out on page 1.

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

Hamish Orr-Ewing, who joined the Trust on 19 February 1986, retired on 31 January 2002. His extensive business experience combined with his knowledge of the markets we serve have been of great benefit to our affairs. We thank him for his active participation and humour throughout his service. In recognition of his contribution we have elected him as Patron.

We welcome Mark Daymond who has joined the Trustee Board. He has been actively involved in the international not-for-profit sector and brings with him a wide understanding of assisting disabled and disadvantaged people.

The Board meets on a regular basis to define the Strategy and approves the Business Plan and Budget of the Trust. Implementation of the Business Plan and Budget is delegated to the Director General and senior executive team. Detailed management accounts are reviewed by the Trustees at every meeting and on a regular basis by the members of the Audit Committee.

Details of the activities and results of the Trust's subsidiaries are provided in notes 1 and 13.

The Shaw Trust Limited

Major events and developments

The two most significant changes within Shaw Trust during the year have been the move from the Supported Placement Scheme to Workstep and the change from the Personal Adviser pilots to the Job Broking service. The latter has involved the extension of Job Broking from South Tyneside and Newham to other parts of Tyne and Wear and South Wales. The significance of the changes should not be underestimated since they have affected every area of the Trust.

Financially, greater emphasis on outcome funding has required more management time in monitoring performance at all levels. New systems have been developed for this purpose and there has been a far greater need for 'real time' financial information.

The Trust helped more than 10,000 disabled and disadvantaged people in their search for work and we were able to find jobs for nearly 1,500 people as well as helping 400 people enter further or higher education. A further 870 were helped to access other forms of training.

The Trust has demonstrated that despite the many barriers disabled and disadvantaged people face when seeking to enter, or re-enter the labour market, with the right kind of help much can be achieved.

Our services have been expanded both geographically and in terms of the client groups we help. We have developed services for lone parents, ethnic minorities, excluded pupils, drug and alcohol abusers, mental health patients being discharged from hospital, sufferers of chronic back pain and people who become ill or acquire a disability which threatens their continued employment.

Retention and rehabilitation services have been increased, in partnership with Councils and private companies, for those in employment who become ill. We were asked by the Department for Works and Pensions to provide proposals for this service in Wiltshire, South Wales and Teeside which we compiled in the early autumn. We are waiting for a response as to whether they wish us to provide this successful service as part of their pilot programme under the New Deal for Disabled People.

We have achieved the transition from the Supported Placement Scheme to Workstep, and Personal Adviser to Job Broking. Job Broking commenced in July 2001 and we have produced some of the best results of any contractor. We have worked with many partners in order to attract the maximum number of service users and effective working relationships have been established with employers and employer organisations.

A key success in delivering employment programmes for disabled people has been the partnerships we have established with a range of organisations in the public, private and voluntary sectors. This has included working closely with Reed in Partnership, the Benefits Agency, the Employment Service, Local Authorities and Health Trusts, Remploy, Employers' Forum on Disability, Coalition for Disabled People, Council for Voluntary Services and Citizens Advice Bureaux.

Shaw Trust works in partnership with over 2,500 employers who have provided opportunities and long term sustainable employment for service users from Job Broking, Workstep, Work Preparation, Opening Doors and all our mental health and learning disability projects. The support and assistance of all our partners has been invaluable in achieving our aims.

The Shaw Trust Limited

During the year we have commenced the integration of Workstep, Job Broking and Work Preparation, which is well advanced in Wales where we have a model based around the Disability Action Centre in Neath. The new building was funded by the Community Fund, the European Regional Development Fund, the private sector and Shaw Trust and has resulted in significant investment by the Trust in tangible fixed assets (note 12). The achievement of the Disability Action Centre is in bringing together many services from a wide range of public, private and voluntary sector organisations, providing a co-ordinated service for people with disabilities. The Centre includes an Employment Agency, Job Broking and Retention Service, New Deal for Lone Parents, Workstep, Work Preparation and the Welsh Initiative for Supported Employment. Services are also provided by the Royal National Institute for the Blind, Royal National Institute for the Deaf, Shaw Start, Ian Karten Centre, the Citizens Advice Bureaux, the volunteer bureau for the Council for Voluntary Service, the Aids and Adaptations and sensory Disability Team, the Disability Assessment Team from Social Services and the Independent Living Services Scheme.

The Disability Action Centre co-ordinates activity within local communities, providing the opportunity for disabled people and their carers to access a range of appropriate services. One of the key successes has been the high level of cross-reference between service providers.

The integration of technology suites, such as the Ian Karten Centres, with employment services and training is a model for service developments within the Trust. We have already provided this facility in Neath, Wapping, St Helens, Gainsborough and Lowestoft. We have been able to tailor provision to a wide range of client groups and work together with more than one service provider in each area to deliver information technology services for use by individuals at work, home and in leisure pursuits.

Our Opening Doors programme for pupils with special education needs has continued to grow. We have extended our work with special needs clients within mainstream schools and are achieving a high success rate in the transition of service users from school to work. Further development with young people has been our work with excluded pupils in Lincolnshire which led to the Council appointing Shaw Trust to co-ordinate such work throughout the county.

Ayresome Industries, Carlyon Print and Danum Light Industries, former Local authority workshops, are now being managed by Shaw Trust. Our first employees have moved into open employment and these enterprises have been transformed by additional funding to establish the Information, Communication and Technology Centres. New service users have been brought in giving a better social mix and so helping the enterprises move to a more inclusive model. Their operations now offer a greater range of work opportunities.

Developing inclusive models of work opportunities for disabled people is a major objective of the Trust. We have now established a number of successful Social Enterprises, including Palmer Gardens, Greenworx and Clamp Hill. The horticultural projects at Greenworx and Clamp Hill, with sponsorship from Barclays Bank plc, recently won a Gold Medal at the Royal Chelsea Flower Show for the Best City Garden which was subsequently donated to the Richard House Children's Hospice. Extending our successful horticultural model for Social Enterprises to other employment areas is a major target for the future.

Shaw Trust runs a well-developed information service which is used widely by staff clients and other organisations. Our website is constantly being developed and updated and is increasingly used by people seeking information, help and advice on a wide variety of subjects.

Our chain of charity shops had a very successful year and produced a significant profit (note 2). The funds generated by the shops enable us to invest in new projects for the benefit of our client groups.

The Shaw Trust Limited

We have continued to work internationally with a wide range of organisations and are now an Associate Member of Goodwill Industries, the largest provider of welfare to work programmes in the United States of America. These links have led to a series of exchange visits and joint working, enabling the Trust to draw on the widest level of expertise possible in developing services in the future.

Shaw Trust continues to influence Government policy on the training and employment of disabled and disadvantaged people. With a grant from the Halley Stewart Trust we commissioned Nottingham University to produce a cost benefit analysis of the Supported Employment Programme and the Personal Adviser Scheme. The research clearly showed the economic benefit to the Government of such programmes, as well as the health, social and independent living benefit of enabling disabled people to get back into the labour market.

Further analysis has added more evidence of the undeniable case for greater investment in employment programmes for the three million sick and disabled people without work. Shaw Trust's success has enabled many such people to live independently and obtain and sustain work. It is clear that many of this group want to work and could do so given the right level of support.

Shaw Trust will continue to urge and encourage Government to recognise what could and should be done to overcome any barriers to work that disabled and disadvantaged people face.

Employees

We express sincere thanks to our staff for their continued commitment and hard work as well as their ability and willingness to accept change as our work expands.

The Investors in People award has been retained and ISO 9002 Quality Assurance and Quality Management standards have been developed and expanded to other areas of our work. The two ticks symbol for positive commitment as an employer of disabled people has also been retained.

We have a well developed appraisal system and the staff are involved in the business planning process. They receive monthly briefings from the management on matters affecting the Trust and monthly meetings are held with all levels of staff. The Staff Consultative Group, which includes representatives from all sections of the Trust, meets on a regular basis and acts as an effective link for the development of services and for communications with staff.

Financial overview

Over the year, the Trust has achieved a solid financial performance through the continued successful delivery of the Workstep programme, the development of Job Broking contracts, the expansion of other services, and the much improved results from our shops.

As a result of our ability to deliver outcomes, which translates into jobs on our 'output-related' contracts of Workstep and New Deal for Disabled People Job Broking, we have generated net incoming resources of £1.29 million (2001: £1.48m) with a resulting total funds position of £3.68 million (2001: £2.39m).

Total incoming resources have increased by £1.5 million to £37.0 million (2001: £35.5 m) through improvements in supported employment, other services, and sales revenue within 'social enterprise' projects. Higher supported employment income was achieved through contract payments for the progression of clients into Open Employment, which is the underlying principle of the new scheme, allowing more people to access the programme over time.

In our shops, improved sales together with good cost control, resulted in a contribution of £258,000 for the year (2001: £22,000).

The Shaw Trust Limited

Charitable expenditure increased by £1.8 million to £33.2 million (2001: £31.4m) reflecting the increased business activity. Within this amount support costs have increased by £450,000 to £2.92 million. Administration costs within the Trust are higher in part due to increased regulations in submitting claims to Government Departments.

Last year we highlighted the proposed adverse changes to the funding of our Workstep contract by the Employment Service which would have resulted in a significant reduction in our cash flow position. With other providers we were able to persuade the Employment Service of the detrimental effect upon the voluntary sector and helpful changes were made.

We continue to operate with retrospective funding for Job Broking which means that the Trust has to invest and deliver results before receiving any form of payment. We will continue to campaign for a more equitable method of funding which does not severely impede the ability of the voluntary sector to deliver Government contracts.

The future

Shaw Trust now faces the challenge of extending Job Broking and Workstep Extra to other parts of the UK. We will need to increase the numbers that are placed into Workstep and are progressed into open employment. With the emphasis on outcome funding for both Workstep and Job Broking, it is vital that output targets are achieved. Achieving our output targets is also important for strengthening our case for further investment by Central Government in their employment programmes for disabled people.

Our commitment is to maintain the highest standards of quality, effectiveness and efficiency of the services we deliver, working in partnership with other providers in the public, private and voluntary sectors and in consultation with our service users and purchasers.

We are a growing and dynamic organisation that welcomes change and will ensure that developments in our services are positive and innovative at all times.

We will not lose sight of those people who need ongoing support and assistance as they move through the routes to employment and who require both practical and financial support in employment. We will seek out new forms of organisations employing people, including Social Enterprises, as well as encouraging self-employment. The Trust will develop work related services for those who may not be able to enter employment as we traditionally know it. These services will improve their health and social skills in order that they can participate more fully in society.

The Trust envisages steady growth for the next five years which may be more substantial when we have demonstrated the economic and social benefits of our programmes to individual users, employers and Government.

There is much to be achieved but we will ensure that Shaw Trust is at the forefront of development and implementation of new routes to employment and a better quality of life for more disabled and disadvantaged people.

The Shaw Trust Limited

Investment powers, policy and performance

Investment powers are governed by the Memorandum and Articles of Association and permit the Trust's funds to be invested in a wide range of assets. Due to the fact that a significant proportion of the Trust's funding is now retrospective, the Trust has a policy of keeping any surplus liquid funds in short-term deposits which can be accessed readily. The charity actively manages treasury and is pleased to report that it has obtained a return of 3.8% in interest on its cash deposits.

Risk management

The Trustees have reviewed their procedures in the light of Corporate Governance guidance contained within the 'SORP 2000'. Audit and Remuneration Committees are active and the Trustees are reviewing the major risks to which the Trust is exposed, with a view to ensuring that systems are in place to mitigate such risks.

The Trust has policies on Human Rights, Equal Opportunities, Race Relations and Health & Safety. Regular updates and training are available to Trustees covering such areas as Health & Safety, Charity Law, Financial Regulations and Government Policy that affects our work.

Reserves policy

The accounting policies on pages 14 to 16 describe the various funds of the Trust. Note 20 to the financial statements shows the assets and liabilities attributable to the various funds by type. The Trust's policy is to build up sufficient unrestricted funds to cover at least one year of the Trust's employee costs, which is presently approximately £7.3 million, by means of annual operating surpluses.

Statement of Trustees' responsibilities

The Trustees are required by Company Law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Trust and the group as at the end of the financial year and of the net movement in funds of the Trust and the group for that period.

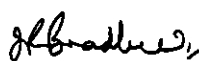
The Trustees confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 March 2002 and that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Trust and the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

On behalf of the Trustees



J R Bradbeer

Chairman

18 July 2002

The Shaw Trust Limited

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

We have audited the financial statements which comprise the consolidated statement of financial activities, the balance sheets, the consolidated cash flow statement, the principal accounting policies and the related notes.

Respective responsibilities of directors and auditors

The Trustees are also directors of The Shaw Trust for the purpose of Company Law. Their responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Trustee's responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 30 March 2002 and of its net incoming resources, including its income and expenditure and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Bristol, 20 August 2002

The Shaw Trust Limited

Consolidated statement of financial activities (including income and expenditure account) for the year ended 30 March 2002

| | Note | Unrestricted funds £ | Restricted funds £ | Total 30 March 2002 £ | Total 31 March 2001 £ |
|--|----------|-------------------------|-----------------------|--------------------------|--------------------------|
| Incoming resources | | | | | |
| <i>Activities in the furtherance of the Trust's objectives</i> | | | | | |
| Supported employment | | 23,493,741 | - | 23,493,741 | 22,977,003 |
| Other income from services for disabled people | | 8,848,744 | 590,125 | 9,438,869 | 8,533,687 |
| Net grant income (deferred)/utilised in the year | 16 | (30,241) | - | (30,241) | 267,091 |
| Sales and trading activities | | 1,503,095 | - | 1,503,095 | 1,026,477 |
| <i>Activities for generating funds</i> | | | | | |
| Income from charity shops | 2 | 1,863,768 | - | 1,863,768 | 1,736,933 |
| Fundraising and donations | | 54,854 | 571,804 | 626,658 | 853,020 |
| Interest receivable | | 70,541 | - | 70,541 | 73,077 |
| Total incoming resources | | 35,804,502 | 1,161,929 | 36,966,431 | 35,467,288 |
| Resources expended | | | | | |
| <i>Costs of generating funds</i> | | | | | |
| Charity shops expenditure | 2 | 1,590,776 | - | 1,590,776 | 1,714,660 |
| Fundraising and publicity | | 363,356 | - | 363,356 | 407,631 |
| | 3 | 1,954,132 | - | 1,954,132 | 2,122,291 |
| Net incoming resources available for charitable application | | 33,850,370 | 1,161,929 | 35,012,299 | 33,344,997 |
| Charitable expenditure | | | | | |
| Employment support | | 21,502,579 | 12,250 | 21,514,829 | 21,559,973 |
| Preparation for work | | 314,347 | 258,648 | 572,995 | 565,989 |
| Mental health services | | 415,297 | 179,810 | 595,107 | 634,052 |
| Training activities | | 5,065,144 | 190,842 | 5,255,986 | 3,888,158 |
| Other projects | | 2,328,367 | 17,500 | 2,345,867 | 2,285,331 |
| Support costs | | 2,771,545 | 143,817 | 2,915,362 | 2,465,573 |
| Total charitable expenditure | 3 | 32,397,279 | 802,867 | 33,200,146 | 31,399,076 |

The consolidated statement of financial activities is continued on page 11.

The Shaw Trust Limited

Consolidated statement of financial activities (including income and expenditure account) for the year ended 30 March 2002 (continued)

| | Note | Unrestricted funds £ | Restricted funds £ | Total 30 March 2002 £ | Total 31 March 2001 £ |
|---|-----------|-------------------------|-----------------------|--------------------------|--------------------------|
| Other expenditure | | | | | |
| Management and administration | | 477,063 | - | 477,063 | 411,067 |
| Finance costs | 6 | 49,304 | - | 49,304 | 51,713 |
| Total other expenditure | 3 | 526,367 | - | 526,367 | 462,780 |
| Total resources expended | 3 | 34,877,778 | 802,867 | 35,680,645 | 33,984,147 |
| Net incoming resources before transfers | 5 | 926,724 | 359,062 | 1,285,786 | 1,483,141 |
| Transfers between funds | 18 | (119,170) | 119,170 | - | - |
| Net incoming resources for the year | | 807,554 | 478,232 | 1,285,786 | 1,483,141 |
| Other recognised gains and losses | | | | | |
| Loss on disposal of charity shop fixtures and fittings borne by the Trust | | - | - | - | (37,413) |
| Net movement in funds | | 807,554 | 478,232 | 1,285,786 | 1,445,728 |
| Fund balances brought forward as previously stated | | 763,173 | 1,630,646 | 2,393,819 | 804,491 |
| Prior year adjustment | | - | - | - | 143,600 |
| Fund balances brought forward | | 763,173 | 1,630,646 | 2,393,819 | 948,091 |
| Fund balances carried forward | 20 | 1,570,727 | 2,108,878 | 3,679,605 | 2,393,819 |

The statement of financial activities includes all gains and losses recognised in the year.

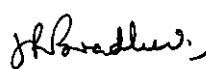
All incoming resources expended derive from continuing activities.

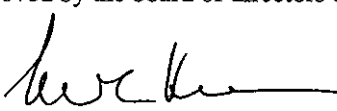
The Shaw Trust Limited

Balance sheets as at 30 March 2002

| | | Group | | Company | |
|--|------|--------------------|--------------------|--------------------|--------------------|
| | Note | 2002 £ | 2001 £ | 2002 £ | 2001 £ |
| Fixed assets | | | | | |
| Tangible assets | 12 | 2,735,259 | 1,897,674 | 2,735,259 | 1,897,674 |
| Investments | 13 | - | - | 100 | 100 |
| | | 2,735,259 | 1,897,674 | 2,735,359 | 1,897,774 |
| Current assets | | | | | |
| Stocks | 14 | 224,911 | 199,110 | 224,911 | 199,110 |
| Debtors | 15 | 3,016,136 | 2,261,837 | 3,017,563 | 2,259,658 |
| Cash at bank and in hand | | 1,715,472 | 2,009,174 | 1,709,480 | 2,008,603 |
| | | 4,956,519 | 4,470,121 | 4,951,954 | 4,467,371 |
| Creditors - amounts falling due within one year | 16 | (3,947,855) | (3,869,955) | (3,943,390) | (3,867,305) |
| Net current assets | | 1,008,664 | 600,166 | 1,008,564 | 600,066 |
| Total assets less current liabilities | | 3,743,923 | 2,497,840 | 3,743,923 | 2,497,840 |
| Provisions for liabilities and charges | 17 | (64,318) | (104,021) | (64,318) | (104,021) |
| Net assets | | 3,679,605 | 2,393,819 | 3,679,605 | 2,393,819 |
| Funds | | | | | |
| Unrestricted | | | | | |
| - General | | 1,518,772 | 592,048 | 1,518,772 | 592,048 |
| - Designated | 19 | 51,955 | 171,125 | 51,955 | 171,125 |
| | | 1,570,727 | 763,173 | 1,570,727 | 763,173 |
| Restricted | 18 | 2,108,878 | 1,630,646 | 2,108,878 | 1,630,646 |
| Total | 20 | 3,679,605 | 2,393,819 | 3,679,605 | 2,393,819 |

The financial statements on pages 10 to 29 were approved by the board of directors on 18 July 2002 and were signed on its behalf by:


J R Bradbeer


C W L Keen

The Shaw Trust Limited

Consolidated cash flow statement for the year ended 30 March 2002

| | Note | 2002 £ | 2002 £ | 2001 £ | 2001 £ |
|---|------|-------------|-------------|-------------|-------------|
| Net cash inflow from operating activities | 24 | | 989,691 | | 2,010,993 |
| Returns on investment and servicing of finance | | | | | |
| Interest received | | 70,541 | | 73,077 | |
| Interest / charges paid | | (49,304) | | (51,713) | |
| Net cash inflow from returns on investments and servicing of finance | | | 21,237 | | 21,364 |
| Capital expenditure and financial investment | | | | | |
| Purchase of tangible fixed assets | 12 | (1,304,630) | | (1,152,123) | |
| Net cash outflow from capital expenditure and financial investment | | | (1,304,630) | | (1,152,123) |
| (Decrease)/increase in cash | 23 | | (293,702) | | 880,234 |

The Shaw Trust Limited

Principal accounting policies

The financial statements have been prepared in accordance with the requirements of the Companies Act 1985, the applicable Accounting Standards in the United Kingdom and the revised Statement of Recommended Practice ('SORP 2000'), 'Accounting and Reporting by Charities' published in October 2000. A summary of the more important accounting policies, which have been applied consistently, with the exception of the adoption of 'SORP 2000', is set out below.

Basis of accounting

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

Adoption of 'SORP 2000'

The comparative figures for 2001 have been restated, where necessary, in accordance with the revised presentation required by the provisions of 'SORP 2000'. There have been no changes in accounting policies as a result of the adoption of 'SORP 2000'.

Basis of consolidation

The consolidated financial statements include the activities of the company and its subsidiary undertakings (note 13) made up to 30 March 2002. Intra group transactions and profits are eliminated on consolidation.

The results, assets and liabilities of the subsidiary undertakings are combined with those of the Trust in the results of the group.

Accounting period

The Trust's and the Group's accounting year ends on the Saturday prior to, or on, 5 April. The year to 30 March 2002 consists of 52 weeks (2001: 52 weeks).

Donations, subscriptions, legacies and other voluntary income

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

Grants/fees

All revenue grants or fees receivable from the Employment Service, County Councils, and government agencies relating to the period are included in the Statement of Financial Activities.

All grants that relate to specific capital expenditure are disclosed as income in the year in which they are received and disclosed as restricted funds.

Sales and trading activities

Income from the Retail trading division (charity shops) and sales made as part of the Trust's projects are recognised on a receipts basis.

Deferred income

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

The Shaw Trust Limited

Restricted funds

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

Unrestricted funds

Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the Trustees in furtherance of the objectives of the Trust.

Designated funds

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Resources expended

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay. All costs have been directly attributed to one of the functional categories of resources expended in the Statement of Financial Activities.

- (a) Charitable expenditure relates to the costs of running and supporting the Trust's projects and Workstep programme.
- (b) Support costs comprise the direct costs, including staff, attributable to activities in the furtherance of the Trust's Objects and an appropriate apportionment of indirect costs.
- (c) Fund-raising costs are incurred in seeking voluntary contributions.
- (d) Charity shops expenditure relates to the costs incurred in running and maintaining the Trust's charity shops.
- (e) Management and administrative costs relate to the management of the Trust's assets, the organisation and administration of the charitable company, compliance with constitutional and statutory requirements and an appropriate apportionment of indirect costs.

Apportionment of costs

Where costs cannot be directly attributed to a particular heading, they have been apportioned on the basis of staff time.

Irrecoverable VAT

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

Donated fixed assets

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

The Shaw Trust Limited

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements, which transfer to the Trust substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as an obligation under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against the Statement of Financial Activities in proportion to the reducing capital element outstanding.

Pension costs

The Trust operates insured defined contribution pensions for eligible employees. All applicable pension costs are charged in the Statement of Financial Activities as incurred.

Stocks

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

Tangible fixed assets and depreciation

Tangible fixed assets, excluding long leasehold properties are stated at cost less depreciation. Long leasehold properties are revalued every five years with an interim valuation after at least three years.

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

Long leasehold properties are amortised by equal annual instalments over 50 years. Short leasehold improvements and charity shop fixed assets are depreciated over a period up to the first break clause on individual leases. Assets under construction are not depreciated until they are completed and brought into use. Revalued long leasehold properties are depreciated over the remaining life of the lease.

All other fixed assets are depreciated on a straight line basis at rates varying between 20% and 25% per annum.

Gains and losses

All recognised gains and losses on fixed assets are included in the Statement of Financial Activities.

Related party transactions

The Shaw Trust Limited is the parent company within a group that prepares consolidated financial statements. The company has taken advantage of the exemption from disclosing transactions with group entities under the terms of Financial Reporting Standard No 8.

The Shaw Trust Limited

Notes to the financial statements for the year ended 30 March 2002

1 Shaw Trust Services Limited

The Trust has a wholly owned subsidiary which provides training services (note 13). A summary of the results of the subsidiary is shown below. Audited financial statements have been filed with the Registrar of Companies.

| | Year ended 30 March 2002 £ | Year ended 31 March 2001 £ |
|------------------------------------|-------------------------------------|-------------------------------------|
| Turnover | 231,158 | 244,862 |
| Cost of sales | - | - |
| Gross profit | 231,158 | 244,862 |
| Administrative expenses | | |
| - other | (229,827) | (244,568) |
| Interest receivable | 132 | 344 |
| Net profit | 1,463 | 638 |
| Covenant to The Shaw Trust Limited | (1,463) | (638) |
| Retained in the subsidiary | - | - |
| Analysis of net assets: | | |
| Current assets | 8,080 | 9,000 |
| Current liabilities | (7,980) | (8,900) |
| Net assets | 100 | 100 |

The Shaw Trust Limited

2 Charity shops

| | 2002 Total £ | 2001 Total £ |
|-------------------------|--------------------|--------------------|
| Turnover | 1,863,768 | 1,736,933 |
| Cost of sales | (1,100,942) | (1,237,056) |
| Gross profit | 762,826 | 499,877 |
| Administrative expenses | | |
| - shop closure costs | (36,584) | (43,132) |
| - other | (453,250) | (419,200) |
| Finance costs | | |
| - bank charges | (15,048) | (15,272) |
| Net profit | 257,944 | 22,273 |

3 Analysis of total resources expended

| | Staff costs £ | Other costs £ | Depreciation £ | 2002 Total £ | 2001 Total £ |
|----------------------------------|-------------------|------------------|-------------------|--------------------|--------------------|
| Costs of generating funds | | | | | |
| Charity shops expenditure | 842,869 | 718,911 | 28,996 | 1,590,776 | 1,714,660 |
| Fundraising and publicity | 258,479 | 104,877 | - | 363,356 | 407,631 |
| | 1,101,348 | 823,788 | 28,996 | 1,954,132 | 2,122,291 |
| Charitable expenditure | | | | | |
| Employment support | 20,764,663 | 750,166 | - | 21,514,829 | 21,559,973 |
| Preparation for work | 461,240 | 111,755 | - | 572,995 | 565,989 |
| Mental health services | 512,054 | 83,053 | - | 595,107 | 634,052 |
| Training activities | 2,841,161 | 2,414,825 | - | 5,255,986 | 3,888,158 |
| Other projects | 1,454,960 | 890,907 | - | 2,345,867 | 2,285,331 |
| Support costs | 1,884,958 | 635,440 | 394,964 | 2,915,362 | 2,465,573 |
| | 27,919,036 | 4,886,146 | 394,964 | 33,200,146 | 31,399,076 |
| Other expenditure | | | | | |
| Management and administration | 361,835 | 72,143 | 43,085 | 477,063 | 411,067 |
| Finance costs | - | 49,304 | - | 49,304 | 51,713 |
| | 361,835 | 121,447 | 43,085 | 526,367 | 462,780 |
| Total resources expended | 29,382,219 | 5,831,381 | 467,045 | 35,680,645 | 33,984,147 |

Staff costs above include the costs of temporary staff used by the Trust during the period.

The Shaw Trust Limited

4 Material funders

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

The principal material funder is the Employment Service from which a total of £10,476,531 (2001: £10,362,520) was received in relation to Workstep.

Funds received from the National Lottery Charities Board during the year are as follows:

| | At 31 March 2001 £ | Income £ | Utilised £ | At 30 March 2002 £ |
|---------------------------------|--------------------------|-------------|---------------|--------------------------|
| Disability Action Centre, Neath | - | 9,040 | (9,040) | - |
| Opening Doors, Midlands | - | 60,546 | (47,822) | 12,724 |
| STEP Project, Fife | - | 22,233 | (18,559) | 3,674 |
| SAFE Project, Bootle | 1,836 | 22,768 | (24,604) | - |
| Lincs Community Project | 20,000 | 78,235 | (81,470) | 16,765 |
| Lowestoft | - | 2,432 | - | 2,432 |
| | 21,836 | 195,254 | (181,495) | 35,595 |

5 Net incoming resources

The net incoming resources are stated after charging:

| | 2002 £ | 2001 £ |
|--|-----------|-----------|
| Depreciation charge for the year: | | |
| - tangible owned assets | 467,045 | 315,400 |
| Auditors' remuneration: | | |
| - audit services (Trust £22,750 (2001: £21,900)) | 24,200 | 24,650 |
| - non-audit services | 23,603 | 46,835 |
| Operating leases: | | |
| - motor vehicles | 374,576 | 305,292 |
| - property | 1,244,436 | 1,316,553 |
| Loss on disposal of tangible fixed assets | - | 37,413 |

The Shaw Trust Limited

6 Finance costs

| | 2002 | 2001 |
|-------------------------------------|--------|--------|
| | £ | £ |
| Interest payable on bank overdrafts | - | 1,092 |
| Bank charges | | |
| - retail | 15,048 | |
| - other | 34,256 | |
| | 49,304 | 50,621 |
| | 49,304 | 51,713 |

7 Trust surplus for the financial year

As permitted by section 230 of the Companies Act 1985, the parent company's income and expenditure account has not been included in these financial statements. The parent company's surplus for the financial year was £1,284,323 (2001: £1,445,090).

8 Taxation

Neither the Trust nor its subsidiaries have any liability for corporation tax in the year (2001: £Nil).

9 Pension costs

The Trust operates insured defined contribution schemes for eligible employees. The Schemes are currently insured through Allied Dunbar, Norwich Union, Scottish Amicable and Standard Life and the total pension cost for the Trust was £679,522 (2001: £609,100).

10 Trustees' and senior executives' remuneration

- (a) During 2002 and 2001, no Trustee received any emoluments from the Trust. Incidental travelling costs of £3,712 (2001: £5,111) were reimbursed to five (2001: four) Trustees by the Trust.
- (b) The 'directorships' outlined on page 1 of these financial statements in respect of senior executives are nominal titles and as such the employees concerned are not officers of the Trust. Accordingly no disclosure of 'directors'' emoluments is included in these financial statements.
- (c) Included within the management and administration expenditure is the amount of £2,310 (2001: £2,252) in respect of indemnity insurance which protects the Trust, up to an agreed limit, against loss arising from defaults of or neglect by its employees.

The Shaw Trust Limited

11 Employees

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

| | 2002 Number | 2001 Number |
|----------------------|----------------|----------------|
| Supported placements | 1,172 | 1,313 |
| Administration | 420 | 403 |
| Retail | 76 | 80 |
| | 1,668 | 1,796 |
| Retention placements | 1,002 | 875 |
| | 2,670 | 2,671 |

Employee costs for the above persons during the year were:

| | 2002 £ | 2001 £ |
|-----------------------|------------|------------|
| Wages and salaries | 25,740,674 | 25,343,525 |
| Social security costs | 1,228,994 | 1,252,540 |
| Other pensions costs | 679,522 | 609,100 |
| | 27,649,190 | 27,205,165 |

The total emoluments of employees earning more than £50,000 fall within the following banding:

| | 2002 Number | 2001 Number |
|---------------------|----------------|----------------|
| £50,001 - £60,000 | 5 | 4 |
| £60,001 - £70,000 | 2 | - |
| £70,001 - £80,000 | - | 1 |
| £90,001 - £100,000 | 1 | 1 |
| £100,001 - £110,000 | 1 | - |

The total pension contributions in respect of the above staff, all of which were made to defined contribution schemes was £63,613 (2001: £42,902).

The Shaw Trust Limited

12 Tangible assets

Group and Company

| | Freehold land and buildings | Long leaseholds | Short leaseholds | Assets under construction | Equipment and vehicles | Fixtures and fittings | Charity shops fixtures and fittings | Total |
|---------------------------------|-----------------------------------|--------------------|---------------------|------------------------------|------------------------------|-----------------------------|---|------------------|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| Cost or valuation | | | | | | | | |
| At 1 April 2001 | 150,732 | 352,104 | 140,329 | 814,994 | 342,224 | 1,689,720 | 414,292 | 3,904,395 |
| Additions | 100,000 | - | - | 916,840 | 59,320 | 225,105 | 3,365 | 1,304,630 |
| Transfers | - | - | 1,119,592 | (1,389,598) | - | 270,006 | - | - |
| Disposals | - | - | - | - | - | - | (14,270) | (14,270) |
| At 30 March 2002 | 250,732 | 352,104 | 1,259,921 | 342,236 | 401,544 | 2,184,831 | 403,387 | 5,194,755 |
| Accumulated depreciation | | | | | | | | |
| At 1 April 2001 | - | 7,042 | 140,329 | - | 278,322 | 1,195,732 | 385,296 | 2,006,721 |
| Charge for the year | 45,146 | 7,042 | 83,969 | - | 29,969 | 271,923 | 28,996 | 467,045 |
| Disposals | - | - | - | - | - | - | (14,270) | (14,270) |
| At 30 March 2002 | 45,146 | 14,084 | 224,298 | - | 308,291 | 1,467,655 | 400,022 | 2,459,496 |
| Net book value | | | | | | | | |
| At 30 March 2002 | 205,586 | 338,020 | 1,035,623 | 342,236 | 93,253 | 717,176 | 3,365 | 2,735,259 |
| At 31 March 2001 | 150,732 | 345,062 | - | 814,994 | 63,902 | 493,988 | 28,996 | 1,897,674 |

The net book value of tangible fixed assets includes an amount of £1,298,025 (2001: £684,558) in respect of assets principally financed by capital grants through the National Lottery Charities Board and the European Regional Development Fund.

The Palmer Gardens and Hereford Centre sites, which comprise the long leasehold property, were revalued on 29 March 2000 by independent qualified valuers, Quinton Edwards Chartered Surveyors. The open market value at that date was estimated at £352,104. The Trustees are not aware of any material changes in the net book value of these assets since the last valuation.

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

| | £ |
|--------------------------|----------|
| At cost | 292,760 |
| Accumulated depreciation | (11,710) |
| | 281,050 |

The difference between the surplus for the year as stated on the face of the Statement of Financial Activities and the historical cost equivalent is not material, therefore no note of historical cost profits and losses has been presented.

The Shaw Trust Limited

13 Investments

Company interests in group undertakings

| | £ |
|------------------|-----|
| At 1 April 2001 | 100 |
| Additions | - |
| At 30 March 2002 | 100 |

The charity has three wholly owned subsidiaries which are registered in England and Wales:

| Name of subsidiary | Nature of business |
|----------------------------------|--------------------------------|
| Shaw Trust Services Limited | Provision of training services |
| Shaw Trust Enterprises Limited | Dormant |
| Shaw Trust Environmental Limited | Dormant |

14 Stocks

| | Group | | Company | |
|-----------------------------------|---------|---------|---------|---------|
| | 2002 | 2001 | 2002 | 2001 |
| | £ | £ | £ | £ |
| Plants, shrubs and trees | 83,926 | 94,761 | 83,926 | 94,761 |
| Retail and nursery sundries | 87,838 | 50,590 | 87,838 | 50,590 |
| Printing materials and stationery | 22,535 | 24,591 | 22,535 | 24,591 |
| Shop stock | 21,040 | 29,168 | 21,040 | 29,168 |
| Other | 9,572 | - | 9,572 | - |
| | 224,911 | 199,110 | 224,911 | 199,110 |

The Shaw Trust Limited

15 Debtors

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2002 | 2001 | 2002 | 2001 |
| | £ | £ | £ | £ |
| Amounts falling due within one year: | | | | |
| Trade debtors | 2,625,467 | 1,755,079 | 2,623,476 | 1,747,975 |
| Amounts due from subsidiaries | - | - | 3,515 | 6,250 |
| Other debtors | 19,273 | 122,552 | 19,273 | 122,552 |
| Prepayments | 371,299 | 382,881 | 371,299 | 382,881 |
| Accrued income | 97 | 1,325 | - | - |
| | 3,016,136 | 2,261,837 | 3,017,563 | 2,259,658 |

16 Creditors: amounts falling due within one year

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2002 | 2001 | 2002 | 2001 |
| | £ | £ | £ | £ |
| Amounts falling due within one year: | | | | |
| Trade creditors | 731,279 | 251,952 | 729,198 | 251,952 |
| Taxation and social security | 563,025 | 733,880 | 562,941 | 733,450 |
| Other creditors | 36,759 | 32,244 | 36,759 | 32,244 |
| Accruals | 1,852,328 | 2,117,656 | 1,850,028 | 2,115,436 |
| Deferred income | 764,464 | 734,223 | 764,464 | 734,223 |
| | 3,947,855 | 3,869,955 | 3,943,390 | 3,867,305 |

Net grant income deferred in the year

| Group and Company | 2002 £ |
|---------------------------------------|-----------|
| At 1 April 2001 | 734,223 |
| Net grant income deferred in the year | 30,241 |
| At 30 March 2002 | 764,464 |

The Shaw Trust Limited

17 Provisions for liabilities and charges

| Group and Company | 2002 £ |
|--|-----------|
| At 1 April 2001 | (104,021) |
| Charged to Statement of Financial Activities | (36,584) |
| Utilised during the year | 76,287 |
| At 30 March 2002 | (64,318) |

The provision relates to the costs of closure of seven shops (2001: seven shops) and includes estimates of the anticipated expenditure on dilapidations, penalty clauses, onerous leases, and legal and surveyors' fees.

The Shaw Trust Limited

18 Restricted funds

| Group and Company | Movement in net resources | | | | Balance 30 March 2002 £ |
|--------------------------|----------------------------|-----------|-----------|-----------------------------------|----------------------------------|
| | Balance 1 April 2001 | Incoming | Outgoing | Gains, losses and transfers | |
| | £ | £ | £ | £ | |
| Palmer Gardens Fund | 249,134 | - | (6,000) | - | 243,134 |
| Disability Action Centre | 684,558 | 394,923 | (95,828) | 119,170 | 1,102,823 |
| Project fundraising | 555,857 | 502,804 | (659,050) | - | 399,611 |
| Lowestoft into Work | - | 195,202 | - | - | 195,202 |
| Personal Adviser | 120,944 | - | (37,190) | - | 83,754 |
| Ian Karten Centre | - | 69,000 | - | - | 69,000 |
| Vehicles | 20,153 | - | (4,799) | - | 15,354 |
| | 1,630,646 | 1,161,929 | (802,867) | 119,170 | 2,108,878 |

Palmer Gardens is a vocational training centre and the fund comprises £243,134 of revalued tangible fixed assets relating to the construction of the training centre.

The Disability Action Centre is a highly innovative, multi-function centre, which will integrate independent living services with training and employment services. The fund consists of £1,102,823 of tangible fixed assets relating to the construction of the centre.

Project fundraising relates to funds received to be spent on specific projects.

Lowestoft into Work is a centre which provides a composite range of services preparing people for and getting people into work. The fund comprises £195,202 relating to the purchase and development of the centre premises.

Personal Adviser is a job broking scheme. This fund relates to set-up costs received in order to buy computer equipment for the administration of the scheme.

The Ian Karten Centre provides access to information technology. The fund comprises assets at the centre and funds for use by this project in the future.

The vehicle fund relates to a minibus and a van donated for use by two projects in the London area.

Transfer

The transfer from unrestricted to restricted funds represents the investment of unrestricted funds by Shaw Trust into the restricted fixed asset of the Disability Action Centre.

The Shaw Trust Limited

19 Designated funds

| | 2001 £ |
|------------------|-----------|
| At 1 April 2001 | 171,125 |
| Transfer | (119,170) |
| At 30 March 2002 | 51,955 |

The designated fund has been set aside to meet the Shaw Trust Limited's remaining unpaid contribution towards the cost of construction of the Disability Action Centre at Neath.

20 Analysis of group net assets between funds

| | Unrestricted £ | Restricted £ | Total funds £ |
|--|-------------------|------------------|------------------|
| Fund balances at 30 March 2002 are represented by: | | | |
| Tangible fixed assets | 1,036,620 | 1,698,639 | 2,735,259 |
| Current assets | 4,546,280 | 410,239 | 4,956,519 |
| Current liabilities | (3,947,855) | - | (3,947,855) |
| Long term liabilities and provisions for liabilities and charges | (64,318) | - | (64,318) |
| Total net assets | 1,570,727 | 2,108,878 | 3,679,605 |

The Shaw Trust Limited

21 Financial commitments

At 30 March 2002 the Trust and group had annual commitments under non-cancellable operating leases expiring as follows:

| | Motor vehicles | | Property | |
|--------------------------|----------------|---------|----------|---------|
| | 2002 | 2001 | 2002 | 2001 |
| | £ | £ | £ | £ |
| Within one year | 73,671 | 41,897 | 239,983 | 284,915 |
| Within two to five years | 199,424 | 248,016 | 234,810 | 225,600 |
| After five years | - | - | 318,100 | 299,350 |
| | 273,095 | 289,913 | 792,893 | 809,865 |

22 Share capital

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

23 Reconciliation of net cash flow to movement in net funds

| | 1 April 2001 £ | Cash flow £ | 30 March 2002 £ |
|--------------------------|----------------------|----------------|-----------------------|
| Cash at bank and in hand | 2,009,174 | (293,702) | 1,715,472 |

The Shaw Trust Limited

24 Reconciliation of net incoming resources before transfers to net cash inflow from operating activities

| | 2002 | 2001 |
|---|-----------|-----------|
| | £ | £ |
| Net incoming resources before transfers | 1,285,786 | 1,483,141 |
| Interest receivable | (70,541) | (73,077) |
| Finance costs | 49,304 | 51,713 |
| Depreciation | 467,045 | 315,400 |
| (Increase) / decrease in stocks | (25,801) | 43,664 |
| (Increase) in debtors | (754,299) | (41,957) |
| Increase in creditors | 77,900 | 223,658 |
| (Decrease) / increase in provisions for liabilities and charges | (39,703) | 8,451 |
| Net cash inflow from operating activities | 989,691 | 2,010,993 |

25 Capital commitments

At 30 March 2002, there were commitments for capital expenditure of £65,643 (2001: £250,000) in respect of buildings for the Disability Action Centre in Neath and relating to the Lowestoft into Work Project.