

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

The Shaw Trust Limited
Annual Report and
Consolidated Financial Statements
for the year ended 31 March 2007

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The Shaw Trust Limited

Annual Report and Consolidated Financial Statements for the year ended 31 March 2007

Contents

Trustees' report	3
Independent auditors' report to the members of the Shaw Trust Limited	19
Group statement of financial activities (including group income and expenditure account)	21
Group and charity balance sheets	22
Group cash flow statement	23
Principal accounting policies	24
Notes to the financial statements	28

The Shaw Trust Limited

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

Patrons

Dame Evelyn Glennie OBE	Sir Geoffrey Holland KCB
Sir Derek Hornby Kt	John Bush OBE, LL
Lady Kinnock MEP	Richard M Mansell-Jones
Clive Richards OBE, DL	Hamish Orr-Ewing (President)
Oliver Stocken	Rt Hon Sir Richard Needham
M Aylward CBE (from 1 April 2007)	

Trustees

J F Briffitt ♦ ● © (Chairman)
S W Innes * ● (Vice Chairman)
M Aylward CBE (resigned 31 March 2007)
M G Brain ♦
M Daymond ©
D J Hinton * ©
C W L Keen *
J R G Lewis *
S M Sharma CBE
A M Wadlow ♦

* Member of the Audit Committee
© Member of the International Committee
♦ Member of the Remuneration Committee
● Member of the Strategy Committee

Senior executives

T V F Papé OBE, DL (Director General)
C A A'Bear ++ (Chief Officer – Corporate Affairs)
C A Alexander ++ (Chief Officer – People and Performance)
I Charlesworth ++ (Chief Executive)
J C Currin ++ (Chief Finance Officer)
N C Mason (Retail Director)
S Knowles ++ (Executive Director – Employment)
T Cooper ++ (Managing Director – Work and Independence)
++ Member of Strategic Management Team (SMT)

Company Secretary

Mark Woodward

Registered Office

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White Horse Business Park
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The Shaw Trust Limited

Auditors

PricewaterhouseCoopers LLP
31 Great George Street
Bristol
BS1 5QD

Bankers

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PO Box 47
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Investment Manager

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Triangle West
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Solicitors

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10-22 Victoria Street
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BS99 7UD

Withy King Solicitors
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Brabners Chaffe Street Solicitors
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Osborne Clarke
2 Temple Back East
Temple Quay
Bristol
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The Shaw Trust Limited

Trustees' report

The Trustees present their report and the audited financial statements for The Shaw Trust Limited (Shaw Trust) and its subsidiary companies for the year ended 31 March 2007

The statutory and administrative information set out on pages 1 to 2 forms part of this report. 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 requirements of the Statement of Recommended Practice ('SORP 2005') 'Accounting and Reporting by Charities' 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 relieve any person who is in need because of any disability or because of any other disadvantage resulting from unemployment, youth, age, financial hardship or ill-health,
- the promotion of the health, equality and independence of disabled people, and
- the prevention and relief of poverty,

in particular by providing education, training, rehabilitation and employment opportunities. The company will be non-party in politics and non-sectarian in religion

Vision

Our Vision is that every disabled and disadvantaged person has the opportunity to work

Mission Statement

Our Mission is to empower the individual through access to employment. Our purpose is to provide the resources and opportunities for disabled and disadvantaged people to engage more fully within society and realise their potential. We recognise that treating people equally sometimes means treating them differently based on the way they manage their impairments, or their gender, race, religion, sexual orientation and age

Guiding Principles of the Organisation

We are pro-active

- We seek to change the way society responds to disability and disadvantage
- We work hard to ensure that disabled and disadvantaged people have access to resources and opportunity through work
- We are pro-active in influencing policy
- We develop our own internal skills, capacity and capability
- We take positive action to address under-representation in staff and clients

We want to grow

- Our clients are at the heart of all we do
- We recognise there is a gap between our vision and reality
- We are committed to focused growth

The Shaw Trust Limited

- Partnerships are given careful consideration because
 - They afford the opportunity to access additional/specialised resources
 - They offer the potential for added-value, collaboration and synergy

Highlights of the Year

The year 2006/07 was one of stability and moderate growth for Shaw Trust as it continued its successful delivery of key contracts. Some of the key highlights of the year are summarised as follows -

- 60,055 service users were helped during the year – over 10,000 more than the previous year
- For the third year running, with Shaw Trust's support, more than 10,000 service users obtained work in the open labour market. This year a total of 12,055 people found work with Shaw Trust's support
- All operational targets for Workstep and Job Broking were exceeded during the year
- Contract targets were exceeded on all major contracts
- Shaw Trust's Direct Payments Service continues to expand with 2,578 people using these services
- Shaw Trust worked in partnership with over 4,000 employers to provide full and part time employment for service users
- The website received 326,170 visits from 153,141 individual visitors, a 38% increase in visits on the previous year
- Shaw Trust commenced the implementation of its International strategy and partnerships are being formalised with the Integracja organisation in Poland and with Motivation in Romania
- Three new shops were opened and retail sales grew by 3.9% on a like for like comparison with the previous year, giving total sales growth of 11.8%
- Sales of Shaw Trust's Disability Consultancy service commenced during this year, with the Website Accessibility Service proving of particular interest to both public sector and commercial companies
- Shaw Trust continued to build upon its commitment to equality and diversity and becoming an employer of choice by receiving recognition as a Stonewall Diversity Partner and by being listed as a top 100 employer by the Guardian newspaper

Structure, Governance and Management

The Trustees in office during the year, and at the date of signing these financial statements, are set out on page 1. With effect from 31 March 2007, Professor Mansel Aylward resigned as Trustee and became a patron of Shaw Trust.

Recruitment of Trustees is undertaken through a targeted search process, ensuring that the right balance of experience and expertise is obtained.

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.

Induction and training of Trustees is organised by the Director General, with support from the Human Resources Department. Every new Trustee receives a copy of Shaw Trust's Memorandum and Articles of Association, a summary of how it operates to achieve its charitable objects, with particular attention

The Shaw Trust Limited

to its core areas of operations, a copy of Shaw Trust's latest reports and financial statements, a copy of the Code of Practice adopted by the Trustees, details of Shaw Trust's senior executives and their respective roles, terms of reference and reporting lines, details of Board Meetings, and the Board Papers made available for meetings

Trustees are able to undertake training in specific areas of Shaw Trust's operations through visits and presentations and are updated regularly on changes in all areas of the Trust's activities

As part of their succession planning, the Trustees have a system of Trustee evaluation with a view to identifying potential gaps in their skills and the other requirements of Shaw Trust that will need to be met. Evaluation is carried out annually by the Trustees

The Board meets on a regular basis. It defines the strategy and approves the Five Year Plan, the annual Business Plan and the budget of the Trust. Implementation of the Business Plan and budget is delegated to the Director General and other senior executives. Summary management accounts are reviewed by all Trustees at every meeting and on a regular basis by the members of the Audit Committee

The Audit Committee has a key responsibility for financial governance, including ensuring effective liaison with external audit and for considering major findings of internal audit reports in order to assess the effectiveness of internal control systems. In addition, the Audit Committee considers matters of risk management, and receives updates on the Trust's strategic risk register

The Strategy Group, consisting of Trustees and senior executives, has the responsibility for reviewing and co-ordinating the key strategies of the Trust, and makes recommendations for consideration by the Board of Trustees. Trustees approved the appointment of an Interim Executive to work with the Trust in undertaking a review of its operations and, in the context of the Five Year Plan, also undertaking a review of future organisational requirements. This review is expected to be completed by August 2007

A Trustees' Remuneration Committee determines the pay and reward structure for senior executives

An International Committee has been established to evaluate potential international investments and partnership opportunities

There is a Strategic Management Team (SMT) comprised of key senior executives, who have the responsibility for the day-to-day management of the organisation

During 2005/06 Shaw Trust's structure was adjusted to recognise the two complementary delivery arms of its services: Employment, and Work and Independence. The former comprises services which are specifically connected to enabling disabled and disadvantaged clients to return to work, while the latter is focused on services which either prepare clients for the world of work or enable them to live their lives more independently. During 2006/07, a greater emphasis was placed on international activities, which culminated in a subsidiary organisation, Shaw Trust International Partnerships Limited (STIP) being formed and a decision made by the Shaw Trust Board of Trustees to enter into two partnership arrangements in Eastern Europe. Shaw Trust International Partnerships Ltd was a dormant company as at 31 March 2007. Retail is the fourth arm of the business, which is the chain of Shaw Trust shops

The Shaw Trust Limited

Objectives and Activities

The Trustees have developed the Trust's Objects into a Vision Statement. Our vision is 'that every disabled and disadvantaged person has the opportunity to work' and our Mission Statement is 'to empower the individual through access to employment'. Our purpose is 'to provide the resources and opportunities for disabled and disadvantaged people to engage more fully within society and realise their potential'.

During recent years, the Trust sought to become the main provider of employment services for disabled people. This has been achieved both by diversifying our range of programmes and services for disabled and disadvantaged people, and by increasing our market share of the Government's two main programmes of assistance: New Deal for Disabled People (NDDP) and Workstep.

In 2006/07, Shaw Trust continued to seek to influence Government policy by lobbying for the expansion of programmes of employment assistance for disabled people, in order to redress the imbalance in the economic activity rates between disabled and non-disabled people. The Trust also lobbied for a greater involvement of voluntary sector organisations in the delivery of public services, on the grounds that such organisations are close to service users, achieve good outcomes for those service users and achieve good cost efficiency for commissioners.

Shaw Trust offers an holistic set of services, which are designed to support disabled people from childhood through to retirement. This model is underpinned by a belief that every person should have the opportunity for work, where this is appropriate for them, and the opportunity to determine their own lives and make decisions on issues such as housing, employment and leisure.

Shaw Trust promotes a work-focused approach which is intended to help clients move from welfare and care to independent living and employment. This continuum of service is demonstrated within our Employment division, which focuses primarily on enabling individuals to move from welfare to employment. It is also demonstrated within our Work and Independence directorate, which works in partnership with Local Authorities and Health Trusts to modernise day services and to provide administrative support, such as payroll services, to individual disabled people who wish to manage their own care and support budgets.

The establishment of a number of Social Enterprises has been part of a further strategy for achieving the Trust's objectives. These enterprises are designed to offer opportunities for disabled and disadvantaged people to gain employment and work experience within the context of viable commercial businesses.

Shaw Trust Young People's Services have been established to work in partnership with education providers to facilitate the transition of young disabled and disadvantaged people from education into employment.

Shaw Trust's new International division seeks to share models of good practice and experience with like minded organisations within other countries.

In seeking to achieve the aims of the Trust, the charity adopts a professional business and commercially-focused approach to all that it undertakes. Whilst seeking to grow its reserves through realising a surplus on its trading activities, it also ensures that all its operations are designed and run to achieve the aims and objectives of the Trust.

The Shaw Trust Limited

Shaw Trust's Five Year Plan for 2006/11 outlines its longer term aims and objectives and the strategy for achieving those. These include securing a significant share of the enhanced Pathways to Work programme and also securing a minimum of 30% of an enhanced successor programme to New Deal for Disabled People (NDDP).

Shaw Trust's Business Plan for 2006/07 clearly defined both corporate and service priorities and established key corporate targets for all service areas. These include being the leading provider of employment services for individuals who are disadvantaged in the labour market due to disability, ill health or other social circumstances. Targets were set for the employment division to actively market Job Broking to attract 25,000 new clients onto the voluntary programme. The Work and Independence division was targeted to engage with 9,000 clients.

Achievement against these priorities and targets has been monitored monthly by senior executives and reported to the Board of Trustees on a quarterly basis.

Shaw Trust is determined to embed good practice on equality and diversity in everything we do, and has an Equality and Diversity Plan, which reaches across all key business functions and includes quantifiable outcomes, monitoring reports and targets.

Achievements and Performance

In 2005/06 we reported on our expansion of Job Broking and increases in numbers of our Workstep clients. During that year we helped nearly 50,000 clients, 9,000 more than in the previous year and more than the Trust had ever previously been able to assist in any one year.

We are pleased to report that in 2006/07, the second year in which our major contracts have provided only minimal growth opportunities, we have been able to assist more than 60,000 clients, over 10,000 more than in 2005/06. For the third year running we have enabled more than 10,000 of our clients to find employment (12,055 in this financial year).

This excellent operational performance was matched by an equally strong financial performance, particularly within the Employment Division.

We have benefited again this year from Jobcentre Plus allowing flexibility on our contracts so that Shaw Trust has been permitted to claim registrations and job outcomes from wherever clients were being supported, up to the maximum contract value. This continued flexibility from Jobcentre Plus is much appreciated as it allowed us, within overall contract constraints, to provide for clients wherever they have needed our support.

Shaw Trust has a corporate priority to seek to influence Government policy. We believe that our performance in the two main programmes of employment assistance for disabled people, that is Job Broking and Workstep, together with our lobbying effort has persuaded Government that the roll-out of the Pathways to Work programme, which has been piloted by Jobcentre Plus delivery staff, should be contracted out to the private and voluntary sector.

Shaw Trust Employment

Within the context of working with the constraints of our current contracts, 2006/07 has been a highly successful year for this part of our business. Our original target for Job Broking was to provide services to 40,272 clients, but in fact we were able to work with 42,337. The corresponding target for Workstep was 4,944, however, a combination of our improved use of the Workstep programme to find permanent

The Shaw Trust Limited

employment for our clients, and the award of additional places meant that we were able to work with 5,124 people during 2006/07

During this year, we were able to support 12,055 people into employment from a combination of these programmes and from the work undertaken by staff within the Work and Independence Division

In Job Broking, we exceeded all our targets for registrations, conversion of registrations to jobs, and the numbers who we were able to sustain in employment for more than 13 weeks. 22% of our Job Broking clients are aged over 50 and 19% of those moving into employment have been economically inactive for more than 5 years before joining our programme. Our performance in Job Broking once again clearly demonstrates that disabled people themselves are not the problem in terms of the low economic activity rates for disabled people of working age. With the right kind of help and support, large numbers of people with health problems and disabilities both find and keep work.

We know from our work in NDDP, and from research¹, that between 1m - 1.5m inactive disabled people could and want to work. During this year the Department for Work and Pensions, in spite of the constraints placed upon it by the financial targets it has agreed in advance of the 2007 Comprehensive Spending Review, has undertaken a major contracting exercise for the roll-out of 31 Pathways to Work areas to the Private and Voluntary Sectors. Shaw Trust is the only organisation which has been invited to submit tenders for each of these 31 areas.

It remains the case that the constraints of the contracts we hold for the provision of NDDP services prevent us from achieving fully our aims and objectives. It is our estimate that we could help 10 to 15 times as many clients as we are currently assisting with this programme, if the financial resources were made available. Pathways to Work, if we are successful in winning these contracts, will provide us with the opportunity to demonstrate that it is possible to enable large volumes of people to make the transition from welfare to work.

Workstep has continued to be a very successful programme and during 2006/07 we have been able to assist even more Workstep clients to make the transition into open employment. This is a year when we have made significant improvements to our service model, with the consequent need to re-train and develop staff. Nevertheless, our conversion rate currently stands at 21% for all new clients and 2% for longstanding clients who joined under the previous Supported Placement Scheme, giving an overall progression rate of just over 10%. This is a strong performance which compares favourably to the national average of 8% for the Workstep programme².

We are continuing to lobby Government and Jobcentre Plus to allow us to expand our Workstep places and hence provide much-needed support to many more clients who, without the help of the Workstep programme, would be unable to access the labour market. A recent National Audit Office report estimated that there are between 180,000 and 220,000 people with severe disabilities within the UK who would benefit from access to the Workstep programme. Currently less than 25,000 people have access to this programme in any one year.

¹ Source: UK Office for National Statistics, *Labour Force Survey*, Quarter 4 2006

² Source: National Audit Office (2005) *Gaining and retaining a job: the Department for Work and Pensions' support for disabled people*

The Shaw Trust Limited

Work and Independence (W&I)

The Work and Independence Division is comprised of three operational directorates, Work, Skills and Independence, Young People's Services and Social Enterprises

Work, Skills and Independence

Work, Skills and Independence focuses on the provision of a range of services which are designed to assist clients who, by reason of their disability or other disadvantage, are some distance from being able to consider finding work. It also works to provide services which, in the broadest sense, promote independence for its clients. This encompasses a range of services from the provision of Direct Payments administrative support to Work Preparation as a precursor to entering Shaw Trust Employment services.

Overall, this directorate had a very successful year in terms of numbers of clients supported, with a total of 10,892 against a target of 8,825. This is a significant increase on last year's performance of 8,548 clients supported. This overall total includes some real areas of success, most notably Work Preparation (with a total of 1,344 clients helped by Shaw Trust against a target of 821), Mental Health services (1,267 against 999) and Drug and Alcohol services (812 against 513).

Whilst Work Preparation appears to have an uncertain future within Jobcentre Plus' suite of employment programmes targeted at disabled people, Shaw Trust continues to deliver a strong overall performance. Once again this year we exceeded our planned client numbers. We still believe that this programme is a very useful introduction to work for those furthest from the labour market, helping both individuals and employers to see whether the match between the individual and the job is a good one.

The success of both our mental health and drug and alcohol projects illustrates the way in which client numbers will continue to grow provided that the service model is right, and commissioners have been able to resource these services. However, continuing the trend of last year, Social Services and Health bodies face continuing budgetary pressure and this has continued to bring a close scrutiny of services of all kinds. Many of the services we are contracted to provide are considered to be an optional rather than a statutory responsibility of Local Authorities and are therefore vulnerable in times of funding pressures. In many cases, this is leading to a reduction in the provision of services. In other cases Local Authorities have sought to terminate contracts, which have been in operation to enable severely disabled people and those with health problems to find and keep employment.

In order to succeed in this competitive marketplace, Shaw Trust continues to focus on offering value for money services which can assist commissioners in their budgeting and increase the numbers of people that they are able to help. A number of Local Authorities are actively encouraging discussion about significant restructuring of their services, and are inviting tenders for the provision of these services. Models of service, such as Bromley Social Business, are being promoted by both Shaw Trust and our local authority partners to other potential commissioners of services.

The provision of support for people wishing to manage their own care packages is, however, an area which more and more Local Authorities are prioritising and approximately a quarter of all new business won within this directorate has been to provide our Direct Payments support service. This service was slow to start last year but has seen real growth this year, with 2,578 clients being supported against a target of 2,193. This is a highly competitive area in which to win business, this success is a tribute to both the quality of our service provision, which involves both local operational staff as well as those running payroll services at our Head Office, and the good work of our team of Business Development managers.

The Shaw Trust Limited

Young People's Services

Young People's Services (YPS) remain an area of real challenge for Shaw Trust, the service we offer young disabled and disadvantaged people, enabling them to make the often awkward transition from education to employment, is one which we have tried and tested over many years and where we have achieved demonstrable success. During 2006/07, we provided this service for 870 young people, which is significantly better than our target of 600. In 2006-07, we also achieved financial stability for the Young People's Services we currently deliver, though this stability is only short-term as most contracts are due for renewal within the next twelve months.

We continue to believe that the future for our models of Young People's Services is very exciting, but we have made slow progress in translating this vision into operational reality. This is primarily due to the devolvement of budgets to individual schools when few schools have sufficient numbers of pupils who require the Shaw Trust service. Much work is therefore undertaken by us to encourage collaborative action from a number of different funding sources. We believe a different approach to funding this service is required and during 2007/08 we will be campaigning to achieve this.

Social Enterprises

Our Social Enterprises which although performing well in terms of client numbers against the annual target, 218 against 131, fell short in terms of financial performance. Client numbers were significantly reduced from the 436 supported last year.

The performance of individual Social Enterprises has been mixed, with Palmer Gardens delivering a small financial contribution before support services costs, though failing to meet the budget projection, whilst the catering operations made a loss in year and have now been scaled back. A new commercial director has been appointed and she is undertaking a fundamental review of Social Enterprise operations, the results of which will be presented to Trustees during the 2007/08 financial year.

Retail

Despite continued difficult trading conditions, Shaw Trust Retail achieved a total sales growth of 11.8% on the previous year, with a like-for-like increase of 3.9%.

Three new shops have been opened within the year in Cowley, Boscombe and Frome and early sales are encouraging. The speed of our shop opening programme has fallen short of business plan expectations, the primary cause of this has been the difficulty of sourcing suitable high street locations which meet our high standards of disability access.

Volunteers continue to form a key part of our retail operations, and Shaw Trust recognises their contributions. We celebrate this each year with Volunteers' Week.

International

We have continued to work internationally with a wide range of organisations. Workability International, Rehabilitation International, and the European Platform on Rehabilitation, as well as with our associates Goodwill, USA. We have welcomed visitors from a number of different countries, from Europe and from further afield.

Shaw Trust is proceeding with finalising the first two strategic partnerships with Integracja in Poland and Motivation in Romania. During 2007/08 it will review its international strategy to provide a framework for future international development.

The Shaw Trust Limited

We also aim to provide consultancy support to representatives of service providers from other countries as this helps fulfil our mission to help disabled people engage more fully within society and to realise their potential

New Services

The more disciplined approach to business development and sales which commenced last year is beginning to reap rewards, with real success being seen in the development of our Commercial Recruitment, Staying in Work Service, and our Website Accessibility Service. Additionally, our Condition Management Programme has been packaged in a way which enables it to be purchased direct by employers as well as being an option within our Pathways to Work programme.

This year marked the commencement of the selling of a number of these services direct to end users, with particular success being achieved in sales of our Disability Consultancy Services, especially the Website Accessibility Service.

Partnerships

A key to our success in helping so many disabled and disadvantaged people to find work has been our ability to attract clients to our programmes.

In order to reach as many clients as possible, we have sought to establish effective working relationships with a range of organisations in the private, public and voluntary sectors, as well as with employers and employer organisations. This includes working closely with Jobcentre Plus, Local Authorities, NHS Trusts, Primary Care Trusts, the Employers' Forum on Disability, Remploy, the Coalition for Disabled People, the Council for Voluntary Services, the Citizens' Advice Bureaux, the Royal National Institute for the Blind, West Country Training and Consultancy Services, Reed in Partnership, the Confederation of British Industry and other Government Departments and Agencies.

Shaw Trust is positive about partnerships and works in partnership with over 4,000 employers who have provided both short-term placements and long-term sustainable employment for service users from Job Broking, Workstep, Work Preparation, Opening Doors and our mental health and learning disability projects. The support and assistance of all our partners has been invaluable in seeking to achieve our aims.

Shaw Trust is a founder member of the Employment Related Services Association (ERSA). This is a trade federation of public, private and voluntary sector providers of public employment services which aims to influence Government policy by representing the views of the industry providers. ERSA has been a useful vehicle in helping to gain access to key decision makers and advisers in Government and the Civil Service. In March 2007, Shaw Trust's Executive Director for Employment was elected Vice chairman of ERSA for the coming year.

We are indebted to all the support we receive from our partner organisations including the many employers we work with, and the donors and many volunteers who give so generously.

Our Patrons are particularly important to us and it is with much sadness to report that Lord Denis Carter died during the year. Denis has been a lifelong advocate promoting the rights and interests of disabled people and has been very active over the years in his support of Shaw Trust.

The Shaw Trust Limited

Policy and Communications

The 2006 Shaw Trust Achievement and Recognition (STAR) awards ceremony, hosted for the second year running at the Café Royal and involving staff and clients from across the United Kingdom, was a high point of the year. The event was compered by writer and broadcaster, Simon Fanshawe, with awards being presented by former world record holder Colin Jackson.

During 2006/07 our website attracted 326,710 visits from 153,141 individual visitors. This represents a 38% increase in visits on the previous year. Use of the Intranet by our own staff has also increased with 89,522 visits to the site and 1,328,731 page views in 2006/07 against 65,700 visits and 1,082,192 page views in 2005/06. We are continually seeking to improve both our Intranet and Internet sites and a group of staff and other stakeholders now reviews style and content on a regular basis.

Our research programme continues to inform understanding of issues faced by disabled and disadvantaged people as they seek to find and retain employment. What Works, The Big Lottery funded research, which is a three year project exploring issues faced by young people with learning disabilities who are making the transition from education to employment, is progressing well and is scheduled for completion during 2007/08.

Work undertaken by the National Audit Office has supported our view that the economic case for greater Government investment in employment programmes for disabled people has been made. This research demonstrates that there is a cost-benefit to the economy achieved by the delivery of properly resourced employment support programmes. It continues to be the case that having a job, either through self-employment or with an employer, is a primary mark of esteem in British society. The social case for the inclusion of disabled people in work is incontrovertible. We will continue to lobby Government, Local Authorities and Primary Care Trusts accordingly.

Disabled people of working age are arguably the most excluded group in Great Britain, and we will continue to work with Government to redress the imbalance in economic activity rates between disabled and non-disabled working-age people, which are currently 55% and 85% respectively³. Our Mental Health Campaign, launched in 2006 with the support of a wide range of corporate partners, drew particular attention to the issues that people with mental health problems face when attempting to find and retain employment, demonstrating that many employers neither understand nor are able to effectively support, this particularly marginalised group.

Employees

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

Staff numbers during the year have remained relatively static, beginning the year at 1,180 and ending the year at 1,227, a growth of 4%. Our sickness absence rate of 3.42% remains low though is a small increase on the 2.98% recorded last year. Substantial efforts have been made this year to improve the quality of our sickness absence record keeping. It is satisfying that sickness rates within Shaw Trust remain below the median of 4.8% reported in the PeopleCount³ survey. However, we continue to work hard to ensure we continue to provide staff with the right type of working environment and in-work support to keep this figure to a minimum.

³ PeopleCount – Agenda Consulting 2006

The Shaw Trust Limited

During 2006/07 we continued to be proactive in our management of Equality and Diversity, building on the work undertaken in previous years

We are determined to create the right culture in which all people are valued regardless of race, religion, gender, sexual orientation, age, or disability. We have set objectives and an action plan in relation to each of these areas. With a total population of 52.4 million within England and Wales there are 4.3 million people of working age with a limiting long term illness (8.2%). Of our employees, we far exceed this with 19% of Shaw Trust employees declaring they have a disability. We aim to continue to maintain or increase this percentage through our recruitment and retention practices, including a Disability Leave Policy and implementation of the 'Two Ticks' disability policy which guarantees an interview for all disabled applicants who meet the minimum criteria for the job. This 'Two Ticks' Disability Symbol demonstrates our commitment as an employer of disabled people.

The ISO 9002 Quality Assurance and Quality Management standard has been retained for our core services and this year we were reaccredited with the Investors in People award.

We have a formal staff appraisal system which we continue to improve and develop.

Staff representing all sections of the Trust's work have been involved in its Business Planning process. The Trust supports an Employee Forum as a formal system for information sharing and consultation with employees. This Forum meets a minimum of four times a year, and as well as playing an active and constructive role in the staff re-organisation, Employee Forum members contributed to the development of the Business Plan for 2007/08. Employee Forum members have also provided a valuable insight into the policies and procedures of the Trust, and have had a significant impact on changes that the Trust has made to reflect its position as a large organisation.

We recognise that the key to success for Shaw Trust is the quality of its staff. As well as improving our reward and recognition systems in the year, our employee assistance programme continues to be well-used. In addition, a new learning and development strategy incorporating a detailed training plan for the Trust was agreed by the SMT and the Trustees. During 2006/07, Shaw Trust continued its investment in an Executive Leadership programme which sought to identify our senior management for the future from our existing workforce and to invest in their training and development accordingly.

A flexible benefits system for all staff was introduced for 2006/07. For the first time staff have been able, through the process of 'salary sacrifice', to influence and tailor a range of benefits as part of their employment package, including childcare vouchers, private healthcare and additional pension contributions.

In order to emphasise our commitment to continuous improvement in the delivery of all our services, we have now committed to the European Business Excellence Model and look forward to becoming an Investor in Excellence within the next two years, which further embeds our longer term Quality strategy.

Our Health & Safety Management system is continually reviewed and revised to ensure that it continues to meet our business needs. During 2006/07 there were 225 accidents of which 11 were RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrence Regulations) reportable. It is with great sadness that we note that one of these accidents resulted in the death of a member of Shaw Trust's staff. The inquest into this death was held in February this year and a verdict of accidental death was recorded.

The Shaw Trust Limited

Financial Overview

The Trust has again maintained a strong financial performance based on its successful delivery of activities across all of our business streams

We have generated net incoming resources before transfers of £7.42 million (2006 £7.01 million) with a resulting total funds position of £28.17 million (2006 £20.64m). Total incoming resources have increased by £4.73 million to £70.30 million (2006 £65.57m) mainly due to the continued growth of Job Broking across the country. Our shops increased their income to £2.76m (2006 £2.51m) and made a net profit of £44,000 for the year (2006 net profit of £13,000) (see note 3)

The total costs of generating funds were £2.87m (2006 £2.72m), as shown in the Group Statement of Financial Activities. Charitable expenditure increased by £4.16 million to £59.91 million (2006 £55.75m) as a result of increased business activity.

The balance sheet remains strong, with total funds amounting to £28.17 million, compared with £20.64 million at 1 April 2006. This represents an increase in funds of £7.53 million.

Net current assets at 31 March 2007 at £25.23 million were £7.35 million higher than at 1 April 2006. Cash and short term investments have increased by £7.49m, as a result of ongoing activities.

The Future

As noted in last year's report, the Government's commitment to the national roll-out of Pathways to Work is a clear signal that it has recognised the importance of investing in services which will enable disabled people to move from welfare to work. Similarly, Government commitment to the final two-thirds of the roll-out of this programme being delivered by Private and Voluntary Sector organisations can be seen as an indicator of the success of our, and others', lobbying for this outcome.

These positive steps must be considered alongside the parallel requirement by HM Treasury that the Department for Work and Pensions will receive a 5% cut in their expenditure budgets within the next Comprehensive Spending Review. If the rollout of Pathways to Work is to provide a real opportunity for the 1 million to 1.5 million disabled people who are currently claiming incapacity benefits to move from welfare to work, then Shaw Trust and other service providers will need to work closely with Jobcentre Plus, firstly to ensure that programme money is targeted on client services, rather than on cumbersome and sometimes ineffective administration processes, and secondly to develop the "in principle" agreement with HM Treasury that benefit savings achieved through the reduction of claimant numbers may be regarded as funds available for re-investment in further employment support programmes.

The Government commissioned a wide-ranging review of the future of funding of employment programmes, the Freud review, and this report has been received by the Prime Minister's office and a response is awaited.

Shaw Trust is continuing to engage in a programme of diversification away from its reliance on Jobcentre Plus contracts. Our work with Local Authorities, developing alternatives to traditional day care services and in the delivery of direct payments services, will continue to provide a core focus for this diversification programme. We will match our campaign for improved employment opportunities for people with mental ill-health with a similarly high profile campaign in support of our Young People's Services and to explore opportunities for the development of our Social Enterprises. We will develop

The Shaw Trust Limited

opportunities for service delivery in other countries and may consider further investment in International service development during the next year

During the coming year, Shaw Trust will continue to invest in the development and delivery of services direct to business customers, building upon our early findings that employers are willing to pay for a range of services which enable them to increase the diversity of their workforce, and work to develop this market will provide a focus during the next year. By diversifying our business in terms of types of purchasers, contracts and services, we will provide more balance in our income streams

As a contractor in receipt of public money, we will be faced with continuing demands to demonstrate proper stewardship of public finances and achieve economy, efficiency and effectiveness. Our Performance Management framework will support validation of our services and provide a performance measurement process to meet and exceed contractual and internal performance management requirements

The Trust will continue to campaign to improve the understanding of the value and needs of the voluntary sector, to gain recognition from funders of the need to cover core overheads and costs in providing our services, to reduce the inefficient bureaucracy relating to many of the funding streams, and to resolve the issue of retrospective funding, which inhibits the ability of the voluntary sector to deliver important services through Government contracts

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 we 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

Shaw Trust envisages continuing growth for the next five years as we continue to work with existing partners in government, both central and local, and as we develop new markets for our services. We continue to be driven towards achieving our vision that every disabled and disadvantaged person should have the opportunity for work.

During 2007/08, Shaw Trust plans to work with more than 65,000 clients, securing jobs for more than 11,000 people

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

The Trust has traditionally adopted a policy of keeping any surplus liquid funds in short-term deposits with its bankers, which can be accessed readily

Whilst working within the Trust's overall Investment Policy, the Trust has had a change in emphasis during the year when it took a decision to appoint Cheviot Asset Management as its investment manager with effect from September 2006. Funds of £5 million have been invested via Cheviot Asset Management within a balanced portfolio and these have grown well, rising in value to £5.3 million (6% growth in just 6 months)

The Shaw Trust Limited

Additionally, an account has been opened with the Charities Aid Foundation (CAF), with £10 million being placed on deposit in September 2006. This investment gave a yield of £307,573 (5.28%)

In total, the Trust has obtained a return of 4.67% in interest (2006 3.40%) on its cash deposits with Barclays and CAF over the year

Reserves policy

The accounting policies on pages 24 to 27 describe the various funds of the Trust. Note 23 to the financial statements shows the assets and liabilities attributable to the various funds by type. The Trust's policy for reserves is that

- Reserves which relate to unrestricted fixed assets will be specifically designated as such, and therefore not covered by this policy
- Reserves are required because
 - The Trust is an employer of a large number of people, both in absolute terms, and when considering staff costs as a proportion of all costs, and wishes to retain the flexibility to fulfil all contract obligations
 - The Trust has significant contracts with Government agencies, which are high-value but short-term in nature, and wishes to be in a position to manage the risk arising
 - The Trust has aspirations to continue to develop and grow, and wishes to maintain the flexibility to do so
- The level of reserves assessed to be required are
 - 12 months' gross salary costs for the Trust's own employees, excluding supported placements (presently assessed at £35.80 million), and
 - Estimated lease commitments (assessed at 31 March 2007 at £8.41 million)

The Trust will seek to realise surplus income over expenditure, for retention as reserves, until such point as the value of reserves is equal to the amounts assessed above (which are reviewed annually). It will, however, continue to remain open to opportunities for applying its funds in the furtherance of its mission, for example through innovative activities that empower the individual through access to employment

Risk management

The Trustees have reviewed their procedures in the light of Corporate Governance guidance contained within 'SORP 2005'. Audit and Remuneration Committees are active within the Trust, and the major risks, to which the Trust is exposed, as identified by the Trustees, have been reviewed and systems have been established to mitigate those risks

A key element of the Trustees' and Executives' work is to manage risk. The Trustees have overall responsibility for overseeing risk management within the Trust and have a duty to manage risk and put controls in place to mitigate those risks. A risk management policy had been adopted, and this is supported by a strategic risk register developed with strong Trustee and Executive collaboration

The Shaw Trust Limited

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, Finance Regulations and Government policy that affects our work.

In developing the Trust's strategies and plans, the risks relating to each objective are assessed and monitored. Where circumstances indicate that the Trust may be exposed to a higher level of risk than expected, the matter is considered in detail by a full meeting of the Trustees.

The role of the Trustees is to set the tone and influence the culture of risk management within the Trust, including the attitude to risk. They also approve any major decisions affecting the Trust's risk profile or exposure and through the Audit Committee satisfy themselves on a regular basis that significant risks are being managed to lessen them and that the appropriate controls are in place to minimise risk at all times.

Day-to-day responsibility for the Trust's risk management process rests with senior executives who implement policies on risk management and internal control. They also identify and evaluate any significant risks faced by the Trust and make recommendations to Trustees. A risk register has been developed and is reviewed quarterly by the Strategic Management Team (SMT). The register is also reviewed annually by Trustees and periodically by the Audit Committee.

The main financial risks to the Trust have been considered. The requirement for Government Departments to demonstrate efficiency gains is likely to impact on the price received for the services we provide. We are mindful that we need to operate cost-effectively, and to demonstrate value for money. The Trust negotiates contracts or grants awarded to finance its activities, and incorporates this information into its business plans. Salary costs are subject to job evaluation and are communicated to staff during a formal annual review of salaries. Prices of materials purchased are subject to contracts with suppliers, based on current market prices, although a greater focus on realising the Trust's bargaining power is being realised following the recent appointment of a National Procurement Manager.

Credit risk on amounts owed to the charity by its customers is low, as the majority of debtors (by value) are local or central government bodies.

At the present time, the Trust holds the majority of its funds as liquid or readily realisable assets and has the flexibility to respond to changes in its external environment, or other opportunities. Shaw Trust has, however, not yet reached its reserves target and has a number of aspirations for growth and development which will inevitably have a call on cash, some of which are significant. As investment opportunities are reviewed by Trustees in the future, the liquidity and other risks they present will be given due consideration.

The Trust has no long-term borrowings but has a 'headroom' arrangement with its bankers, should an overdraft facility be required.

Part of the internal audit programme is an annual review of the internal control systems. The SMT receives and considers all internal audit reports and agrees management action and the Audit Committee considers internal audit activities at each meeting.

The Shaw Trust Limited

Statement of Trustees' responsibilities

The Trustees are the directors of Shaw Trust. They 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 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 31 March 2007 and that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

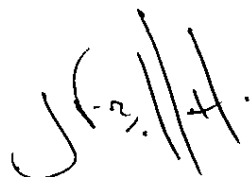
The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and the group, and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding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

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each Director has taken all the steps (such as making enquiries of other directors, senior executives and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he/she ought to have taken in his/her duty as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors PricewaterhouseCoopers LLP have indicated their willingness to remain in office. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

For and on behalf of the Trustees



John Briffitt, Chairman

26 July 2007

The Shaw Trust Limited

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

We have audited the group and parent charity financial statements ("the financial statements") of The Shaw Trust Limited for the year ended 31 March 2007 which comprise the Group Statement of Financial Activities (including Group Income and Expenditure Account), the Group and Charity Balance Sheets, the Group Cash Flow Statement, the Principal Accounting Policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of The Shaw Trust Limited for the purposes of company law) for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the charitable company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 whether in our opinion the information given in the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 trustees' remuneration and other transactions is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group and 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.

The Shaw Trust Limited

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent charitable company's affairs as at 31 March 2007 and of the group's incoming resources and application of resources, including the group's income and expenditure and cash flows, for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Trustees' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Bristol

1 October 2007

The Shaw Trust Limited

Group Statement of Financial Activities (including group income and expenditure account) for the year ended 31 March 2007

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2007 £'000	Total 2006 £'000
Incoming Resources					
<i>Incoming resources from generated funds</i>					
Fundraising and Donations	22	58	490	548	459
<i>Activities for generating funds</i>					
Income from Charity shops	3	2,764	-	2,764	2,513
<i>Investment Income</i>					
Interest on deposits		947	-	947	598
Profit on short term investments		300	-	300	-
<i>Incoming resources from charitable activities</i>					
Employment		50,697	-	50,697	47,399
Work and Independence	22	14,075	971	15,046	14,598
Total incoming resources	8, 22	68,841	1,461	70,302	65,567
Resources expended					
<i>Costs of generating funds</i>					
Cost of generating voluntary income		(153)	-	(153)	(216)
Charity shops' trading cost of goods sold and other expenses	3	(2,720)	-	(2,720)	(2,500)
Total costs of generating funds		(2,873)	-	(2,873)	(2,716)
<i>Charitable activities</i>					
Employment		(41,653)	-	(41,653)	(38,621)
Work and Independence	22	(16,004)	(1,144)	(17,148)	(16,292)
International	28	(506)	-	(506)	-
Usage of fundraised monies on restricted projects	22	-	(603)	(603)	(841)
Total charitable expenditure		(58,163)	(1,747)	(59,910)	(55,754)
Governance costs		(102)	-	(102)	(88)
Total resources expended	4, 22	(61,138)	(1,747)	(62,885)	(58,558)
Net incoming/(outgoing) resources before transfers	5	7,703	(286)	7,417	7,009
Gross transfers between funds	22	(243)	243	-	-
Net incoming/(outgoing) resources after other recognised gains		7,460	(43)	7,417	7,009
Actuarial gain on defined benefit pension scheme	12	119	-	119	31
Net movement in funds		7,579	(43)	7,536	7,040
Fund balances brought forward		17,990	2,645	20,635	13,595
Fund balances carried forward	22, 23	25,569	2,602	28,171	20,635

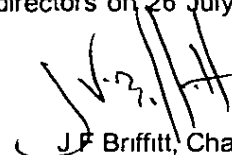
The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year
All incoming resources expended derive from continuing activities

The Shaw Trust Limited

Group and Charity Balance Sheets

		Group		Company	
	Note	31 March 2007 £'000	1 April 2006 £'000	31 March 2007 £'000	1 April 2006 (restated) £'000
Fixed assets					
Tangible assets	15	4,656	4,693	3,860	3,980
Investments	16	-	-	-	-
		4,656	4,693	3,860	3,980
Current assets					
Stocks	17	223	246	81	103
Short term investments		5,300	-	5,300	-
Debtors	18	8,915	8,150	9,057	8,289
Cash at bank and in hand	19	20,651	18,466	20,651	18,466
		35,089	26,862	35,089	26,858
Creditors - amounts falling due within one year	20	(9,858)	(8,985)	(9,858)	(8,981)
Net current assets		25,231	17,877	25,231	17,877
Total assets less current liabilities		29,887	22,570	29,091	21,857
Provisions for liabilities and charges	21	(1,606)	(1,678)	(1,606)	(1,678)
Net assets, before pension deficit		28,281	20,892	27,485	20,179
Pension deficit	12	(110)	(257)	(110)	(257)
Net assets, after pension deficit		28,171	20,635	27,375	19,922
Funds					
Designated funds		2,136	2,194	2,136	2,194
Revaluation reserve		185	185	185	185
General funds		23,358	15,868	23,358	15,868
Total unrestricted funds, before pension deficit		25,679	18,247	25,679	18,247
Pension deficit	12	(110)	(257)	(110)	(257)
Total unrestricted funds		25,569	17,990	25,569	17,990
Restricted funds	22	2,602	2,645	1,806	1,932
Total	23	28,171	20,635	27,375	19,922

The financial statements on pages 21 to 50 were approved by the board of directors on 26 July 2007 and were signed on its behalf by


J F Briffitt, Chairman

The Shaw Trust Limited

Group Cash Flow Statement for the year ended 31 March 2007

	Note	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Net cash inflow from operating activities	7		7,227		11,267
Returns on investment and servicing of finance					
Interest received		947		598	
Interest / charges paid	10	(57)		(72)	
Net cash inflow from returns on investments and servicing of finance			890		526
Capital expenditure and financial investment					
Purchase of tangible fixed assets	15	(932)		(1,419)	
Short term investments		(5,000)		-	
Net cash outflow from capital expenditure and financial investment			(5,932)		(1,419)
Increase in cash	6		2,185		10,374

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, the Statement of Recommended Practice ('SORP 2005') 'Accounting and Reporting by Charities' and the Charities Act 1993. A summary of the significant accounting policies, which have been applied on a consistent basis, is set out below.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the activities of the Trust and its subsidiary undertakings (note 16) made up to 31 March 2007. Intra group transactions and profits are eliminated on consolidation. The results, assets and liabilities of the subsidiary undertakings are combined with those of the Trust in the results of the group on a line by line basis.

Accounting period

The Trust's and the Group's accounting year ends on the Saturday prior to, or on, 5 April. The year to 31 March 2007 consists of 52 weeks (2006: 52 weeks).

Donations and other voluntary income

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

Income

Income is recognised in the Statement of Financial Activities based on invoices raised to third parties in respect of the completed performance of agreed services.

Grants/fees

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

Sales and trading activities

Income from the Retail trading division (charity shops) and sales made as part of the Trust's other services 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.

Restricted funds

These are funds about 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 fixed assets.

The Shaw Trust Limited

Principal accounting policies (continued)

Designated funds

Reserves which relate to fixed assets are held as designated funds

Revaluation reserve

The difference between the market value and the historic cost of revalued fixed assets is shown as a Revaluation reserve, for unrestricted fixed 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

Resources expended

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

- (a) Costs of generating voluntary income are incurred in seeking voluntary contributions
- (b) Charity shops expenditure relates to the costs incurred in running and maintaining the Trust's charity shops
- (c) Charitable expenditure relates to the costs of running and supporting the Trust's employment services, Work and Independence activities and other services
- (d) Governance costs relate to the management of the Trust's assets, the organisation and administration of the charitable company and compliance with constitutional and statutory requirements

Apportionment of costs

Where costs cannot be directly attributed to a particular heading, they have been apportioned to each functional category of resources expended using a range of bases reflective of the support services cost drivers. These include staff time, number of staff and number of invoices processed for each business stream

Long term contracts

Surpluses on long term contracts are taken as the work is carried out, if the final outcome can be assessed with reasonable certainty. The surplus included is calculated on a basis which reflects the proportion of the work carried out at the year end, by recording income and related costs as contract activity progresses. Income is credited to the Statement of Financial Activities in accordance with the income recognition policy outlined above and obligations to meet future costs are included within creditors as 'Provision for costs on long term contracts'

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

The Shaw Trust Limited

Principal accounting policies (continued)

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

Operating leases

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

Pension costs

The Trust operates insured defined contribution pensions for eligible employees. All applicable pension costs are charged in the Statement of Financial Activities as incurred. In addition to the core Shaw Trust defined contribution pension scheme, the Trust has a "legacy" pension arrangement, which is detailed in note 12 to the financial statements.

The South Yorkshire Pension Scheme is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being agreed by the actuary. In the intervening years the actuary reviews the continuing appropriateness of these rates.

The costs to the Trust of funding the South Yorkshire Pension Scheme are accounted for in accordance with Financial Reporting Standard 17 "Accounting for Retirement Benefits" (FRS17).

The contributions paid by the Trust to the defined contribution schemes are charged as resources expended in the year in which they are payable, in accordance with the rules on accounting for defined contribution pension schemes as set out in FRS 17.

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 freehold and long leasehold properties, are stated at cost less depreciation. Freehold and long leasehold properties are revalued every five years with an interim valuation if there has been material change.

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

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

The Shaw Trust Limited

Principal accounting policies (continued)

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

Freehold Buildings	2% (or over the lifetime of the contract if more appropriate)
Long Leasehold Buildings	2% (or length of lease if shorter than 50 years)
Fixtures and Fittings	20% (or more if first break clause of lease is within 5 years)
Equipment and Vehicles	20%
Computer Equipment	25%

Assets costing less than £3,000 are not capitalised

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

1 Shaw Trust Services Limited

The Trust has a wholly owned subsidiary, which used to provide training services until the company became dormant on 1 April 2006 (see note 16) A summary of the results of the subsidiary is shown below Audited financial statements for periods to April 2006 have been filed with the Registrar of Companies

	Year ended 31 March 2007 £'000	Year ended 1 April 2006 £'000
Turnover	-	228
Cost of sales	-	-
Gross profit	-	228
Administrative expenses	-	(225)
Net profit	-	3
Covenant to The Shaw Trust Limited	-	(3)
Retained in the subsidiary	-	-
Analysis of net assets		
Current assets	-	4
Current liabilities	-	(4)
Net assets	-	-

The Shaw Trust Limited

2 Palmer Gardens

Palmer Gardens is a charitable trust, first registered as a charity on 25 March 1977 under number 273092. It is administered and managed by Shaw Trust (in its capacity as sole trustee) in accordance with a Charity Commission scheme dated 3 January 1984.

Shaw Trust Limited is the corporate trustee of Palmer Gardens. Palmer Gardens is managed as part of Shaw Trust, with its financial activities being reflected within restricted funds.

Palmer Gardens has a Revenue Fund of £Nil as at 31 March 2007 (2006 £27,000) and a Capital fund of £796,000 as at 31 March 2007 (2006 £686,000).

Its income and expenditure accounts are as follows

	Year ended 31 March 2007 £'000	Year ended 1 April 2006 £'000
Turnover	971	867
Cost of sales	(455)	(425)
Gross profit	516	442
Selling and distribution	(403)	(289)
Administration	(102)	(35)
Finance	(8)	(7)
Operating Surplus	3	111
Support Costs	(151)	(165)
Depreciation	(25)	(15)
Net deficit	(173)	(69)
Palmer Gardens Revenue Fund Brought Forward	27	27
Donation from Shaw Trust to Palmer Gardens	146	69
Balance of restricted revenue reserve (see note 22)	-	27

The balance sheet which follows relates to Palmer Gardens for which separate financial information is presented for the first time in 2007. The company balance sheet (page 22) has been restated accordingly.

The Shaw Trust Limited

2 Palmer Gardens (continued)

	Year ended 31 March 2007 £'000	Year ended 1 April 2006 £'000
Fixed Assets		
Palmer Gardens	796	686
Analysis of net assets:		
Current assets - stocks	142	143
Current liabilities - creditors Shaw Trust	(142)	(143)
Net assets	-	-
Total assets less current liabilities	796	686
Funds		
Restricted capital funds	796	686
Total	796	686

3 Charity Shops

	Year ended 31 March 2007 £'000	Year ended 1 April 2006 £'000
Turnover	2,764	2,513
Cost of sales	(1,537)	(1,467)
Gross profit	1,227	1,046
Administrative expenses	(932)	(737)
Finance income and costs		
- bank charges	(18)	(18)
Support costs	(121)	(104)
Dilapidations	(10)	(110)
Depreciation	(102)	(64)
Net profit	44	13

The Shaw Trust Limited

4 Analysis of total resources expended

	Cost of generating voluntary income	Employment	Work and Independence	Retail	International	Usage of fundraised monies on restricted projects	Governance	2007 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Support Costs								
Management	-	(84)	-	(18)	(18)	-	(53)	(173)
Finance	-	(450)	(449)	(51)	(33)	-	(19)	(1,002)
Information Technology	-	(484)	(449)	(12)	-	-	(14)	(959)
Human Resources	-	(309)	(281)	(32)	-	-	(16)	(638)
Corporate Affairs	-	(392)	(467)	(8)	-	-	-	(867)
Dilapidations	-	(13)	(111)	(10)	-	-	-	(134)
Total support costs	-	(1,732)	(1,757)	(131)	(51)	-	(102)	(3,773)
Activities undertaken directly	(153)	(39,921)	(15,391)	(2,589)	(455)	(603)	-	(59,112)
Total resources expended	(153)	(41,653)	(17,148)	(2,720)	(506)	(603)	(102)	(62,885)
Year ended 1 April 2006	(216)	(38,621)	(16,292)	(2,500)	-	(841)	(88)	(58,558)

The Shaw Trust Limited

5 Net incoming/(outgoing) resources

The net incoming/(outgoing) resources are stated after charging/(crediting)	Year ended 31 March 2007 £'000	Year ended 1 April 2006 £'000
<i>Depreciation charge for the year</i>		
- tangible owned assets	705	1,546
<i>Auditors' remuneration audit services</i>		
- audit services	40	35
<i>Auditors' remuneration other services</i>		
- grant audits	18	10
- services relating to taxation	90	91
- services relating to corporate finance transactions explored by the company	35	-
- all other services	8	-
<i>Operating leases</i>		
- others	513	654
- property	1,688	1,724
Net loss on write off / disposal of tangible fixed assets	264	255

6 Reconciliation of net cash flow to movement in net funds

	1 April 2006 £'000	Cash flow £'000	31 March 2007 £'000
Cash at bank and in hand	18,466	2,185	20,651

The Shaw Trust Limited

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

	2007 £'000	2006 £'000
Net incoming resources before other recognised gains	7,417	7,009
Pensions (FRS 17) - adjustment to net incoming resources	(28)	(46)
Interest receivable	(947)	(598)
Profit on short term investments	(300)	-
Finance costs	57	72
Depreciation	705	1,546
Net loss on write off / disposal of fixed assets	264	255
Decrease / (increase) in stock	23	(5)
(Increase) / decrease in debtors	(765)	3,320
Increase / (decrease) in creditors	873	(1,748)
(Decrease) / increase in provisions for liabilities and charges	(72)	1,462
Net cash inflow from operating activities	7,227	11,267

8 Total incoming resources / material funders

The total income of the Trust is analysed

	Year ended 31 March 2007 £'000	Year ended 1 April 2006 £'000
Employment	50,697	47,399
Work and Independence	15,046	14,598
Charity shops	2,764	2,513
Fundraising	548	459
Interest receivable and profit on short term investments	1,247	598
Total	70,302	65,567

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

The principal funder is Jobcentre Plus from which a total of £41.30 million (2006 £38.87 million) was received

The Shaw Trust Limited

8 Total incoming resources / material funders (continued)

Due to the large number of contracts for Work and Independence services, there are none which meet the Trust's definition of material funders. The following table outlines the principal sources of income for the Work and Independence division -

	Year ended 31 March 2007 £'000	Year ended 1 April 2006 £'000
Central Government	508	618
Local Authorities	4,654	4,010
Other Statutory Bodies	3,846	3,858
European Funds	2,232	857
Others	1,317	1,057
Total	12,557	10,400

9 The Big Lottery Fund

Funds received from The Big Lottery Fund (National Charities Board) during the year are as follows

	At 1 April 2006 £'000	Income £'000	Utilised £'000	At 31 March 2007 £'000
STEP Project, Fife	4	-	(4)	-
Community Fund St Helens	3	-	(3)	-
Visual Impairment	-	7	-	7
Shaw Trust St Helens	-	52	(52)	-
ICT Gainsborough	6	-	(6)	-
Shaw Trust Outreach Portsmouth	-	51	(51)	-
Community Fund Research Grant	-	98	(98)	-
Richmond Park (CRED)	-	17	(17)	-
Shaw Trust Chorley & Ribble Mental Health	-	107	(65)	42
Total	13	332	(296)	49

The Shaw Trust Limited

10 Finance costs

	Year ended 31 March 2007 £'000	Year ended 1 April 2006 £'000
Bank charges		
- retail	18	18
- other	46	50
Net finance return on defined benefit pension scheme	(7)	4
Total	57	72

11 Taxation

Neither the Trust nor its subsidiaries have any liability for corporation tax in the year (2006 £Nil)

The Trust is a charity, and as such is entitled to certain exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes. The Trust is registered for VAT.

12 Pension commitments

The Trust makes payments to the South Yorkshire Pension Scheme, where the transfer for the undertaking of protection for employment (TUPE) has previously applied. This scheme is a defined benefit scheme and the assets are held in a separately administered fund. The Scheme is a multi-employer scheme and it has been possible to identify the Trust's share of the Scheme's assets and liabilities, which are disclosed below.

Defined benefit scheme

An actuarial valuation of the South Yorkshire Pension Scheme using the projected unit method was carried out in March 2007 by Mercer Human Resource Consulting, consulting actuaries. Actuarial figures are available for the last three years only. The major assumptions used by the actuary were:

	2007	2006	2005
Rate of increase in salaries	4.85%	4.65%	4.65%
Rate of increase in pensions in payment	3.10%	2.90%	2.90%
Inflation rate	3.10%	2.90%	2.90%
Discount rate	5.40%	4.90%	5.40%

The Shaw Trust Limited

12 Pension commitments (continued)

Shaw Trust's assessed share of the assets of this scheme and the expected rate of return were

	Long term rate of return expected 2007 %	Value at 31 March 2007 £'000	Long term rate of return expected 2006 %	Value at 31 March 2006 £'000	Long term rate of return expected 2005 %	Value at 31 March 2005 £'000
Equities	7.50	1,152	7.00	1,036	7.50	804
Bonds	4.70	260	4.30	241	4.70	233
Gilts	5.40	119	4.90	125	5.40	86
Property	6.50	204	6.00	171	6.50	133
Cash	5.25	12	4.50	24	4.75	24
Total market value of assets		1,747		1,597		1,280
Present value of scheme liabilities		(1,857)		(1,854)		(1,614)
Net pension deficit		(110)		(257)		(334)

Analysis of the amount charged to staff costs in the Statement of Financial Activities

	2007 £'000	2006 £'000
Current service	(35)	(33)
Past service cost	-	42
Total operating charge	(35)	9

Analysis of the amount credited/(charged) to other finance income/(costs)

	2007 £'000	2006 £'000
Expected return on pension scheme assets	98	83
Interest on pension scheme liabilities	(91)	(87)
Net return	7	(4)

The Shaw Trust Limited

12 Pension commitments (continued)

Analysis of amount recognised in the Statement of Financial Activities	2007 £'000	2006 £'000
Actual return less expected return on pension scheme assets	15	223
Experience gains and losses arising on the scheme liabilities	-	(30)
Changes in the assumptions underlying the present value of the scheme liabilities	104	(162)
Actuarial gain recognised in the Statement of Financial Activities	119	31
Movement in deficit during the year	2007 £'000	2006 £'000
Deficit in the scheme at the start of the year	(257)	(334)
Movement		
Current service cost	(35)	(33)
Past service cost	-	42
Contributions	56	41
Other finance income/(costs)	7	(4)
Actuarial gain	119	31
Deficit in the scheme at the end of the year	(110)	(257)

The full actuarial valuation at 31 March 2007 showed a decrease in Shaw Trust's assessed share of the scheme deficit from £257,000 to £110,000

History of experience - gains and losses	2007	2006	2005
Difference between expected and actual return on scheme assets			
Amount (£'000)	15	223	66
Percentage of scheme assets (%)	0.9%	14.0%	5.20%
Experience gains and losses on scheme liabilities			
Amount in (£'000)	-	(30)	-
Percentage of the present value of the scheme liabilities (%)	0%	(1.6%)	-
Total amount recognised in the Statement of Financial Activities			
Amount (£'000)	119	31	8
Percentage of the present value of the scheme liabilities (%)	6.4%	1.7%	0.5%

The Shaw Trust Limited

12 Pension commitments (continued)

Summary of pension cost

The pension cost charge to the Statement of Financial Activities for the year amounted to £1 19 million (2006 £1 08 million) and was made up as follows

	2007 £'000	2006 £'000
Defined benefit schemes	28	(5)
Defined contribution scheme	1,164	1,080
Total	1,192	1,075

13 Trustees' and senior executives' remuneration

- (a) During 2007 and 2006, no Trustee received any emoluments from the Trust. Incidental travelling costs of £8,453 (2006 £9,059) were reimbursed to nine out of ten (2006 seven) 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 are included in these financial statements.
- (c) Included within the support costs is the amount of £3,805 (2006 £4,200) in respect of indemnity insurance which protects the Trust, up to an agreed limit, against loss arising from defaults of or neglect by its Trustees.

The Shaw Trust Limited

14 Employees

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

	2007 Number	2006 Number
Charitable purposes	1,123	1,081
Retail	104	99
Subtotal	1,227	1,180
Supported Placements	1,206	1,208
Total	2,433	2,388

Employee costs for the above persons during the year were

	Year ended 31 March 2007 £'000	Year ended 1 April 2006 £'000
Wages and salaries	35,867	34,401
Social security costs	2,569	2,477
Other pensions costs (note 12)	1,192	1,075
Total	39,628	37,953

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

	2007 Number	2006 Number
£60,001 - £70,000	7	3
£70,001 - £80,000	4	5
£80,001 - £90,000	1	3
£90,001 - £100,000	3	1
£100,001 - £110,000	1	1
£110,001 - £120,000	-	2
£120,001 - £130,000	1	-
£130,001 - £140,000	1	-

The total pension contributions in respect of the above staff, all of which were made to defined contribution schemes, were £131,862 (2006 £113,799)

The Shaw Trust Limited

15 Tangible assets - Company

	Freehold land and buildings	Long leasehold property	Short leasehold property	Assets under construction	Equipment and vehicles	Fixtures and fittings	Charity shops fixtures and fittings	2007 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2006	382	70	2,593	82	453	3,182	839	7,601
Additions	(7)	64	-	-	109	453	206	825
Transfers	-	2,433	(2,593)	(82)	72	170	-	-
Write offs	-	(39)	-	-	(39)	(1,723)	-	(1,801)
At 31 March 2007	375	2,528	-	-	595	2,082	1,045	6,625
Accumulated depreciation								
At 1 April 2006	(75)	-	(811)	-	(96)	(2,150)	(489)	(3,621)
Charge for the year	(8)	(21)	-	-	(140)	(410)	(102)	(681)
Transfers	-	(811)	811	-	(35)	35	-	-
Write offs	-	-	-	-	21	1,516	-	1,537
At 31 March 2007	(83)	(832)	-	-	(250)	(1,009)	(591)	(2,765)
Net book value								
At 31 March 2007	292	1,696	-	-	345	1,073	454	3,860
At 1 April 2006	307	70	1,782	82	357	1,032	350	3,980

The Shaw Trust Limited

15 Tangible assets - Group (continued)

	Freehold land and buildings	Long leasehold property	Short leasehold property	Assets under construction	Equipment and vehicles	Fixtures and fittings	Charity shops fixtures and fittings	2007 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2006	382	784	2,593	82	466	3,182	839	8,328
Additions	(7)	107	-	-	173	453	206	932
Transfers	-	2,433	(2,593)	(82)	72	170	-	-
Write offs	-	(39)	-	-	(39)	(1,723)	-	(1,801)
At 31 March 2007	375	3,285	-	-	672	2,082	1,045	7,459
Accumulated depreciation								
At 1 April 2006	(75)	(14)	(811)	-	(96)	(2,150)	(489)	(3,635)
Charge for the year	(8)	(35)	-	-	(150)	(410)	(102)	(705)
Transfers	-	(811)	811	-	(35)	35	-	-
Write offs	-	-	-	-	21	1,516	-	1,537
At 31 March 2007	(83)	(860)	-	-	(260)	(1,009)	(591)	(2,803)
Net book value								
At 31 March 2007	292	2,425	-	-	412	1,073	454	4,656
At 1 April 2006	307	770	1,782	82	370	1,032	350	4,693

Transfers related to a reclassification of fixed assets. Assets under construction have moved across to their respective asset class once constructed. The category of short leasehold property is no longer used, with leasehold improvements being classified as fixtures and fittings and two properties which had been classified as short leasehold being redesignated long leasehold in line with the actual length of lease.

The net book value of tangible fixed assets includes an amount of £932,891 (2006: £1,155,448) in respect of assets principally financed by capital grants through the Big Lottery Fund and the European Regional Development Fund.

The Palmer Gardens site was revalued on 2 April 2005 by independent qualified valuers, Quinton Edwards Chartered Surveyors. The open market value at that date was estimated at £700,000.

The development at Lowestoft was revalued on 2 April 2005 by independent qualified valuers, Hamilton Chartered Surveyors. The open market value at that date was estimated at £265,000.

The building in Bootle was revalued on 2 April 2005 by independent qualified surveyors, Hamilton Chartered Surveyors. The open market value at that date was estimated at £110,000.

The Shaw Trust Limited

15 Tangible assets (continued)

The above valuations were made in accordance with the RICS Appraisal and Valuation Manual. The Trustees are not aware of any material change in the above valuations since they were made on 2 April 2005.

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

	£'000
At cost	1,274
Accumulated depreciation	(449)
	825

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.

16 Investments

Company interests in group undertakings

	£
At 31 March 2007	101
At 1 April 2006	100

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

Name of subsidiary	Nature of business
Shaw Trust Services Limited	Dormant
Shaw Trust Enterprises Limited	Dormant
Shaw Trust Environmental Limited	Dormant
Shaw Trust International Partnerships Limited	Overseas activities
Palmer Gardens	Charity

The Shaw Trust Limited

16 Investments (continued)

A decision was taken to cease trading through Shaw Trust Services Limited as at 1 April 2006, when it became a dormant company

Shaw Trust International Partnerships Limited was incorporated on 27 June 2006. It was set up to further Shaw Trust's overseas activities. The share capital is £1 and as at 31 March 2007 its reserves were £Nil. The company is yet to start trading.

Palmer Gardens is a charitable trust, first registered as a charity on 25 March 1977 under number 273092. It is administered and managed by Shaw Trust (in its capacity as sole trustee) in accordance with a Charity Commission scheme dated 3 January 1984.

Shaw Trust is the corporate trustee of Palmer Gardens and therefore the results and net assets of Palmer Gardens are consolidated in these group financial statements.

17 Stocks

	Group		Company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Finished Goods				
Plants, shrubs and nursery	150	152	8	9
Printing materials and stationery	-	15	-	15
Shop stock	43	55	43	55
Other	30	24	30	24
Total	223	246	81	103

18 Debtors

	Group		Company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	7,805	7,107	7,805	7,103
Amount due from subsidiary charity	-	-	142	143
Other debtors	123	26	123	26
Prepayments	987	1,017	987	1,017
Total	8,915	8,150	9,057	8,289

The Shaw Trust Limited

19 Cash at bank and in hand

	Group		Company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Charities Aid Foundation (CAF) Deposit	15,126	-	15,126	-
Cash at bank and in hand	5,525	18,466	5,525	18,466
Total	20,651	18,466	20,651	18,466

20 Creditors: amounts falling due within one year

	Group		Company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade creditors	1,218	1,319	1,218	1,319
Taxation and social security	1,368	1,189	1,368	1,189
Other creditors	145	60	145	56
Accruals	5,534	4,555	5,534	4,555
Provision for costs on long term contract	-	162	-	162
Deferred income (see below)	1,593	1,700	1,593	1,700
Total	9,858	8,985	9,858	8,981

Deferred Income - Group and Company

	£'000	£'000
At 1 April 2006		1,700
Amount received in year	12,450	-
Income utilised in year (Note 8)	(12,557)	-
		(107)
At 31 March 2007		1,593

The Shaw Trust Limited

21 Provisions for liabilities and charges – Group and Company

	Redundancies £'000	Dilapidations £'000	Donation to Goodwill RST £'000	Total £'000
At 1 April 2006	238	1,280	160	1,678
Utilised during the year	(238)	(20)	(35)	(293)
Created during the year	87	134	-	221
At 31 March 2007	87	1,394	125	1,606

At 31 March 2007 the provisions are for the estimated anticipated expenditure on dilapidations that the Trust will incur in relation to all its leased properties, provisions for staff redundancies and the donation to Goodwill RST, a connected Charity (see note 27)

The Shaw Trust Limited

22 Restricted Funds – Group and Company

	Movement in funds				Balance 31 March 2007 £'000
	Balance 1 April 2006 £'000	Incoming £'000	(Outgoing) £'000	Transfer £'000	
Disability Action Centre (Capital)	657	-	(12)	-	645
Employment Action Centre (Capital)	926	4	(36)	-	894
Visual Impairment	-	7	-	-	7
ICT Gainsborough	6	-	(6)	-	-
Shaw Trust St Helens	-	51	(51)	-	-
Shaw Trust St Helens	3	-	(3)	-	-
Shaw Trust Retail Employment	45	-	(10)	-	35
Barclays Bank Plc – staff support	47	-	(47)	-	-
Ian Karten Centres	35	-	(35)	-	-
ICT Centres	12	-	(12)	-	-
CPPIH	9	-	(9)	-	-
Northern Rock Foundation	2	-	(2)	-	-
Lloyds TSB Foundation for England and Wales	5	-	(5)	-	-
Shaw Trust Chorley & South Ribble MH Revenue	-	91	(57)	-	34
Shaw Trust Chorley & South Ribble MH Capital	-	16	(8)	-	8
Shaw Trust Outreach Portsmouth	-	51	(51)	-	-
Shaw Trust Horticulture (Greenfingers)	-	29	(1)	-	28
Shaw Trust Stockton-on-Tees	-	7	(7)	-	-
Shaw Trust MH Grimsby	-	5	(5)	-	-
Mental Health in the 21st Century Campaign	-	21	(21)	-	-
Community Fund Research Grant	-	98	(98)	-	-
Shaw Trust Dunfermline	3	-	(3)	-	-
Other fundraised projects	182	67	(94)	-	155
Total Company	1,932	447	(573)	-	1,806
Palmer Gardens Fund (Capital)	686	43	(30)	97	796
Palmer Gardens Fund (Revenue)	27	971	(1,144)	146	-
Total Group	2,645	1,461	(1,747)	243	2,602

The Shaw Trust Limited

22 Restricted Funds (continued)

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

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

The Visual Impairment project gives advice to visual impaired clients on access to work issues and training when required.

ICT Gainsborough provides training in computer technology and was funded by the Big Lottery Fund.

Shaw Trust St Helens provides training for people of working age with many disabilities using short term training courses including information technology. The project is funded by Big Lottery Fund, European Funding and Neighbourhood Renewal Fund.

Shaw Trust Retail Employment is a project which works with young disabled people from deprived areas of London, the clients work through a combination of in-store job coaching, training and ongoing support.

Barclays Bank Plc provided support for two key staff.

The Ian Karten Centres at the Disability Action Centre, Wapping, along with the ICT centres at Gainsborough and St Helens provide access to information technology. These funds comprise assets at the centres and funds for use by these services in the future.

The Commission for Patient and Public Involvement in Health (CPPIH) fund relates to an underspend in the prior year, which was spent in the current year following agreement with the funder.

Northern Rock Foundation provided funding for a volunteer co-ordinator.

Lloyds TSB Foundation for England and Wales provided funds towards the salary of a Support Officer and other costs at the community café in Portsmouth.

Shaw Trust Chorley & South Ribble in Lancashire provides work focused activities encouraging mental health clients to express their creativity through art and design and large scale projects in wood. It is part funded through the Big Lottery Fund and Lancashire Care NHS Trust.

Shaw Trust Outreach Portsmouth provided comprehensive advice and guidance on an outreach basis across the Portsmouth area.

Shaw Trust Horticulture Portsmouth (Greenfingers) is for the provision of a subsidised Gardening and Garden Maintenance Service for older people within the city of Portsmouth.

The Shaw Trust Limited

22 Restricted Funds (continued)

Shaw Trust Stockton on Tees was funding from Barclaycard for the provision of a relaxation garden for project clients and Northumberland University was for a student work placement to gain experience

Shaw Trust MH Grimsby a donation of £5,000 was made by the Independent Forums of Lincolnshire for additional training to clients in the Grimsby area

Mental Health in the 21st Century Campaign aimed to tackle mental health as a taboo subject and barrier to employment The campaign was funded by a range of corporate partners including British Telecom, HSBC, Merrill Lynch and Unum Provident

The Community Fund Research grant's aim over 3 years is to investigate various intervention packages and programmes to determine their success in harnessing young disabled people's own power in planning and goal setting A further aim will be the implementation of the findings to increase the quality, and in number, positive employment outcomes for young people

Shaw Trust Dunfermline received funding from the Big Lottery Fund in order to continue its volunteer programme and give additional capacity to support trainees on a one to one basis whilst helping to develop the activities at the project

Palmer Gardens is a vocational training centre and the restricted capital fund comprises £796,000 (2006 £686,000) of revalued tangible fixed assets relating to the construction of the original training centre and expansion in the financial year 2004/5 Palmer Gardens also has a restricted revenue fund of £Nil for 2007 (2006 £27,000)

During the year there were transfers in from Shaw Trust's unrestricted reserves to Palmer Gardens' restricted funds £97,000 related to capital investment and £146,000 was a donation from Shaw Trust to cover the deficit in revenue running costs (see note 2)

The Shaw Trust Limited

23 Analysis of group net assets between funds

	Designated (including revaluation reserve) £'000	Unrestricted (including pension deficit) £'000	Restricted £'000	Total Funds 31 March 2007 £'000	Total Funds 1 April 2006 £'000
Fund balances at 31 March are represented by					
Tangible fixed assets	2,321	-	2,335	4,656	4,693
Current assets	-	34,822	267	35,089	26,862
Current liabilities	-	(9,858)	-	(9,858)	(8,985)
Provisions for liabilities & charges	-	(1,606)	-	(1,606)	(1,678)
Pension deficit	-	(110)	-	(110)	(257)
Total net assets 31 March 2007	2,321	23,248	2,602	28,171	-
Total net assets 1 April 2006	2,379	15,611	2,645	-	20,635

24 Financial Commitments

At 31 March 2007 the group and company had annual commitments under non-cancellable operating leases expiring as follows

	Property		Other	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Within one year	582	430	129	423
Within two to five years	944	1,099	384	231
After five years	162	195	-	-
Total	1,688	1,724	513	654

Other operating leases relate to motor vehicles and office equipment

25 Share Capital

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

26 Capital Commitments

At 31 March 2007, there was a commitment for capital expenditure of £536,052 (2006 £36,900) in relation to computer equipment and for the commissioning of an automated purchase ordering system.

The Shaw Trust Limited

27 Connected Charity

Shaw Trust is a member of Goodwill RST (Registered Charity Number 1098047), which was established with Goodwill Global Inc, USA, and Rehab Group, Ireland. During the year ended 1 April 2006, the Rehab Group resigned its membership.

Goodwill RST objectives are the promotion of the welfare (whether material or social or mental) of persons who by reason of mental or physical disabilities or otherwise are in need and unable to gain employment by any method which shall be recognised as charitable and in particular, but without prejudice to the generality of the foregoing, by the provision of training and/or education and/or rehabilitation and/or employment opportunities, which is similar to those of Shaw Trust.

Goodwill RST opened a large retail store, raising funds to support the objectives of the charity in Stevenage in March 2004. Unfortunately, the store's trading performance was disappointing, and a decision was taken to close it in December 2005. As members of Goodwill RST, Shaw Trust and Goodwill Global Incorporated have agreed to pursue a managed exit, and on 21 December 2006, the company went into liquidation and Grant Thornton UK LLP were appointed as liquidators.

During the year Shaw Trust donated £Nil (2006 £60,000) to Goodwill RST. In addition payments totalling £35,406 (2006 £44,449) were made on Goodwill RST's behalf in respect of premises costs, and £Nil (2006 £4,896) owing at year end in respect of central services support was written off. These amounts totalling £35,406 (2006 £109,345) are included within Charitable Expenditure in the Statement of Financial Activities.

Shaw Trust, through agreement, has provided Goodwill RST with central services support, as and when required during the period such as Finance, Marketing, Public Relations and Human Resources. No charge (2006 £25,000) has been made for these services in the year.

The original members of Goodwill RST have, via its bankers, entered into a lease bond guarantee which provides the Goodwill RST landlord with a total of £500,000 (2006 £500,000) in the event of lease payment default. Shaw Trust's share of this is £125,000 (2006 £125,000) which has been taken as a provision for future liabilities (note 21).

28 International

Shaw Trust has established a subsidiary (Shaw Trust International Partnerships Limited) to promote the organisation's international activities. As at 31 March 2007, it had not started to trade.

In March 2007, the Shaw Trust Board of Trustees approved two international ventures. Shaw Trust International Partnerships Limited will take a 50% membership totalling €150,000 in Motivation, a Romanian not for profit organisation and a 50% membership totalling €100,000 in the Integracja Foundation, a Polish not for profit organisation. These organisations will be managed as subsidiaries of Shaw Trust International Partnerships Limited once these transactions are completed, which will be in the year ending 5 April 2008.