

The Shaw Trust Limited

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 2009

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The Shaw Trust Limited

Annual Report and Consolidated Financial Statements for the year ended 31 March 2009

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Trustees' Report

Chairman's Overview

In 2008/09 Shaw Trust supported more than 75,000 clients, more than ever before, both in the United Kingdom and overseas, enabling nearly 16,000 of them to find employment. This has been a remarkable achievement, particularly in times when the labour market is tightening and there is incredible competition for jobs. At times like these, it is more important than ever before that disabled and disadvantaged people have organisations like Shaw Trust on hand to support them.

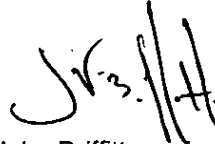
There's no denying that Shaw Trust's financial performance, like many organisations in our field, has been adversely affected by the challenging external environment. But this hasn't deterred us from striving to achieve our social mission. Our commitment to enabling our clients to find and maintain employment is unfaltering and we will continue to gauge our success, not solely in financial terms, but also by the impact our services and support have on the lives of our clients.

We can do this because past prudence has ensured that we have built up cash resources. This means that we can invest in re-organising our business to deliver surplus within reduced margins, continue to deliver our charitable purpose and to invest in service diversification and future opportunities. Shaw Trust has never been an organisation to stand still, we have continually evolved, improved and built on our achievements and we will use these strengths again to respond to our changing world.

2009/10 will undoubtedly prove to be another challenging year in terms of the global economic situation. For Shaw Trust it will also mark the year in which we recruit a new Chief Executive to replace Tim Papé, who has been our most senior executive for the past 20 years. Trustees are grateful to Tim for delaying his retirement plans so that we may

have an orderly handover to a new Chief Executive to lead us forward to our next stage of growth and development.

Finally, I would like to pay particular tribute to our staff throughout the organisation whose work during the past year has, as always, ensured our success and helped many thousands of disabled and disadvantaged people to change their lives for the better.



John Briffitt

Chairman, Board of Trustees

The Shaw Trust Limited

Director General's Key Highlights

I am pleased to report that during 2008/9 we supported over 75,000 people, across our range of services and enabled nearly 16,000 people to find employment. This is the largest number of people we have supported during the course of the year and this achievement is one to be proud of. We are also proud that, for the first time, we are using our charitable funds to support clients overseas through our partnerships with organisations in Poland and in Romania.

We set out also this year to maintain existing business and maximise opportunities arising from it. I have been proud to see that two of our Pathways to Work contracts are rated first and third respectively in the UK league table of providers. We have also been pleased to see that our Workstep service has been inspected by OFSTED and our grade 2 of Good is an improvement on our last inspection result.

Much work has also taken place within our Work and Independence division to deliver our vocational training services to a wider range of disabled and disadvantaged clients.

We are mindful that, in order to pursue our mission, we need to continue to grow and develop new services and this was also a key part of our plans for this year. I am therefore pleased that we have launched our new Health and Wellbeing service, aimed at creating healthy working lives through delivery of vocational rehabilitation and allied services. Alongside this we also won new contracts with a total potential value of £67 million across the whole range of our services.

Shaw Trust is the largest voluntary sector provider of services to Department for Work and Pensions (DWP) and has the potential to develop its prime contractor status to that government department. We are mindful of the important role that many charities play in enabling disabled people to secure lasting

employment. We are working hard to develop a strong not-for-profit presence in the delivery of employment programmes to ensure that organisations like ours remain an important part of the network of provision available to job-seekers.

This report contains a wealth of detail about the diverse range of services which Shaw Trust provided this year. I am proud of this performance because it is the consequence of the strong team, which is Shaw Trust, working together. I am proud, most of all, of what we have done, both in the UK and overseas, to support disabled and disadvantaged people to transform their lives.

Shaw Trust has done well to generate significant surpluses during the good economic conditions we have experienced during the past decade. This means that we can meet the challenges of these harder times in an orderly and planned way. We are an organisation which has grown rapidly in the last few years; we need to take steps to improve our business processes and business efficiency so that we can return to surplus generation within the next 12 to 18 months. This, together with the delivery of employment outcomes in a tougher employment market, is our major challenge for the year ahead.

I have no doubt that in Shaw Trust we have the right people, with the right skills, who will enable us to take the right steps we need to take to return to surplus generation, whilst continuing to provide the quality of service which our clients have come to expect and which they deserve to receive.



Tim Papé
Director General

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Introduction

The Trustees present their report and the audited financial statements for The Shaw Trust Limited ('Shaw Trust' or 'the Trust') and its subsidiary companies for the year ended 31 March 2009.

The Chairman's overview and Director General's key highlights, on pages 2 and 3, form 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, the Statement of Recommended Practice ('SORP 2005') 'Accounting and Reporting by Charities' and the Charities Act 1993.

Vision and Values

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

Our Mission is to empower the individual through access to employment.

Purpose

To provide the resources and opportunities for disabled and disadvantaged people to engage more fully within society and realise their potential.

Guiding principles of the organisation

We value diversity

- We recognise that treating people equally sometimes means treating them differently; based on their gender, race, religion, sexual orientation, age, or the way they manage their impairments.
- We take positive action to address under-representation from different minority groups within both our staff and client groups.

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 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.

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.

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Objectives and Activities

During recent years, Shaw Trust has sought to become one of the key providers within the United Kingdom of employment services for disabled people and to be recognised as a significant provider of employment services for disadvantaged people. This has been achieved by diversifying our range of programmes and services for disabled and disadvantaged people, by increasing our market share of the Government's two established programmes of assistance; New Deal for Disabled People (NDDP) and Workstep and by gaining a significant market share of the new Pathways to Work programme.

In 2008/09, 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 a holistic set of services, which are designed to support disabled people from young people 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.

Shaw Trust has six service strands:

Employment. These are services which are targeted at disabled and disadvantaged people who need short to medium term

interventions in order to support them into sustained employment. These services are provided within the United Kingdom under contract to the Department for Work and Pensions (DWP).

Work and Lifelong Learning. These are specialist work focused and training services which enable people furthest from the labour market to achieve and sustain employment. These services are provided within the United Kingdom under contract to those government departments which have a responsibility to provide additional social or health care or vocational training for disabled and disadvantaged people.

Public Involvement. These services provide support to enable patients and the public to have a say in the delivery of public services and to give users greater control of those services through Direct Payments/Individual budgets. These services are provided under contract within the United Kingdom to local government.

Community Services. These are a range of services which provide alternatives to day care, specialist vocational support and training for those who require long term and specialist support. These services are funded by a range of government departments and usually by a mix of contract income.

Commercial Services. These are services which have a primary focus on income generation and which also provide vocational training and support for disabled and disadvantaged clients. These include retail outlets such as our charity shops and our garden centre at Palmer Gardens.

Health and Wellbeing. This is a new service stream in which start up funds were invested during 2008-09 in preparation for launch in 2009-10.

Shaw Trust operates predominantly within the United Kingdom and also has an International division which seeks to share models of good practice and experience between like minded organisations within other countries. Within 2008-09 this included our 50% interests in both Integracja in Poland and Motivation in Romania. Discussions have also taken place with organisations in Europe and in Australia

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within the context of our International Strategy.

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.

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.

Shaw Trust's Business Plan for 2008/09 clearly defined both corporate and service priorities and established key corporate targets for all service areas. These included 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 each area of the Trust's activities to collectively support at least 75,000 such service users.

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Achievements and Performance

We are pleased to report that in 2008/09 we have been able to assist 75,785 clients (2008: 67,335) and we have enabled 15,860 of these clients to find employment (2008: 13,030). Whilst this was a stronger operational performance than any previous year, with more clients being supported than in any single previous year, our financial return fell short of that which was anticipated at the start of the year. The economic downturn and rise in unemployment which has affected business performance across the globe has been a particular challenge for organisations like Shaw Trust, which are dependent on the outcomes payments paid for supporting disabled and disadvantage people into sustained employment. Nevertheless, Shaw Trust has a financial stability which is enabling us to address these challenges in a considered way whilst continuing to invest in activities which will secure our future and enable us to support more and more disabled and disadvantaged people to achieve their goals in life.

Shaw Trust Employment

We are currently the largest deliverer of the Workstep Programme, outside of Remploy and we support more people into open employment than any other provider. In this year we supported 2,924 clients on the Workstep programme, achieving 1,233 job starts and enabling 525 of these clients to progress into open (unsupported) employment 388 (2008:388), 87 of which are sustained progressions. Our Workstep programme was inspected by OFSTED and we were awarded a Grade 2 (Good) in every aspect of our provision which was inspected. This was an improvement on our previous Grade 3, (Satisfactory) score. OFSTED confirmed that during this year 50% of our Workstep programme leavers progressed into unsupported employment, which compares well with a national average of 30%.

During this year we commenced delivery of new New Deal for Disabled People (NDDP) contracts, which involved setting up in a number of new geographical areas. This challenge, combined with a more competitive job market has meant that our job outcomes are slightly down on last year. Our NDDP teams have worked with 19,691 service users (2008: 19,244), supporting 8,135 people into work (2008: 10,082).

The three contracts which make up the second phase of our Pathways to Work service came on stream at the beginning of this financial year, joining our programmes in Norfolk and Greater Manchester. These programmes are important because they provide specialist employment support to clients claiming incapacity benefits. During this year, our first full year of delivering Pathways to Work, we worked with 22,469 clients (2008: 2,053), supporting 4,397 of them into employment (2008: 342). With our programmes in Norfolk and Greater Manchester ranking 1st and 3rd respectively in the country in terms of job outcomes, we are confident that we have the right delivery model to continue to make progress, even in challenging economic times.

Shaw Trust won seven tranches of DWP administered European Social Fund activity and six of these are delivered by our Employment division. These projects commenced part way through 2008 and during this year we worked with 2,444 clients, supporting 482 into work.

In total, the employment division has worked with 47,528 (2008: 54,153) clients and supported 14,247 into employment (2008: 11,664).

Work and Independence (W&I)

The aim of Work & Independence is to fulfil the vision and mission of Shaw Trust by:

- Supporting people who face significant barriers to work because of their disability, health or other disadvantages

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- Supporting people whose disability or health condition poses a serious risk to them being able to retain employment.

Operational performance has been good this year, with more clients supported than in previous years. Job outcomes have fallen from previous years, reflecting a tightening labour market, but vocational qualifications achieved by clients have increased significantly. The headline achievements are as follows:

- Overall W&I service user numbers: 12,768 (2008 restated: 12,239)
- Overall W&I job entries: 856 (2008: 1,366).

The overall service user totals included¹

- 9,817 Vocational/Training clients (2008: 9,332) achieving 4,131 Qualifications (2008: 3,385).
- 2,951 Direct Payment users (2008: 2,907).
- 1,220 people supported by our substance misuse services (2008: 1,213).

The Public and Patient Involvement Forums, for which we have provided administrative support, were expanded into the new LINKs service and the tendering exercise extended well into 2008/09. Shaw Trust won 17 tenders and has established these services during this year.

The separate Health and Wellbeing business stream was launched during this year and this includes our highly innovative Web Accreditation Service and Condition Management Programme which is being used by our Pathways to Work programmes.

¹ Some W&I service users attend more than one programme which is why the combined number of clients for the individual services totals more than the overall W&I client figure

Commercial

These services have income generation as their primary focus, but they also operate with a social purpose. They include our chain of charity shops and our Palmer Gardens garden centre.

This was a challenging year for retail but despite difficult trading conditions our shops generated an income of £3.1 million.

Three new shops have been opened within the year at Gerrards Cross, Reading and Porthcawl, with three shops being closed in Hungerford, Thornbury and Ross-on-Wye. The total number of retail shops is 36 (2008: 36).

Palmer Gardens became part of the Commercial directorate during the course of this year and steps are being taken to improve commercial viability, at the same time as improving the range of vocational services which will be available to our clients. During this year a horticultural trainer has been recruited to better support our clients. Redevelopment of the site to improve the sales area has also taken place.

During the course of the year, 263 Volunteers supported our work at both Palmer Gardens and within the shops and 42 clients were supported, 5 within the shops and 37 at Palmer Gardens.

International

Shaw Trust recruited an International Director during 2008/09 and he takes executive responsibility for delivering our International Strategy.

The International Strategy provides the framework for our international development. Two strategic partnerships with The Integracja Foundation, Poland and Motivation, Romania have been agreed and during this year Shaw Trust spent £390,000 (2008: £451,000) on furthering the charitable objectives within those two not-for profit organisations. 2,022 clients were supported within Motivation in Romania and 13,435 by Integracja in Poland.

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The investments in Integracja and Motivation are joint ventures in which Shaw Trust International Partnerships (STIP) holds a 50% membership on behalf of Shaw Trust.

Significant work has been undertaken during this year to prepare for entry into the Australian market.

We have continued to work internationally with a wide range of organisations: Workability International, Workability Europe, Rehabilitation International, International Labour Organisation and the European Platform on Rehabilitation. We have welcomed visitors from a number of different countries, particularly from Europe but also from further afield.

Partnerships

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

In order to reach as many service users 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 Confederation of British Industry and a range of other government departments and agencies.

Shaw Trust is positive about partnerships and works in partnership with approximately 6,500 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. Shaw Trust's Executive Director for Employment is the elected Vice Chairman of ERSA.

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 also particularly important to us and we are grateful for their continued support.

Employees

This has been another challenging year for our staff and we express our sincere thanks to them for their continued hard work and commitment.

During the year staff numbers have increased significantly, with 1,256 at the beginning of the year and 1,477 at year end. The increase was primarily because of the implementation of Pathways to Work, NDDP and ESF contracts during the first part of the year.

We continue to work hard to create an environment where staff feel valued and supported. Following major efforts to improve sickness absence recording during the previous year, significant effort has gone into improving absence management this year and we are pleased to report a reduction in our staff sickness absence rate which was 4.00% for the year (2008: 4.42%²).

² Shaw Trust Workforce HR System

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One of our key priorities is to develop the right culture in which all our staff are valued regardless of race, religion, gender, sexual orientation, age or disability. We were pleased therefore to increase our Stonewall ranking by 50 places, to 47th place in the list of top 100 employers. We were the only charity to improve our ranking on last year's performance.

In January we achieved 'one to watch' status in the Best Companies Accreditation scheme for 2009, only narrowly missing achieving an excellent, one star status.

Shaw Trust has also achieved step one on the three steps towards full accreditation by the UK CAE (Council of Access and Equality).

The percentage of our employees declaring a disability has decreased slightly during the year to 18% (2008: 19.35%) but this is still in line with the national average of 18.6%³ of the working age population as a whole with a disability or limiting long term illness. We aim to improve this further through our recruitment and retention practices, including a Disability Leave Policy, and careful adherence to the Jobcentre Plus Disability 'Two Ticks' Symbol commitments. These include a guaranteed interview scheme for disabled candidates who meet the minimum criteria for a job.

The ISO9001:2000 Quality Assurance and Quality Management standard has been retained for our core services with the assessor visiting sites in Trowbridge, Neath and Middlesbrough.

We recognise that the quality and performance of our staff is key to Shaw Trust's continued success. We have a formal on-line appraisal system which enables us to record, track and report individual performance in a consistent and accessible format. During the year we spent substantial

amounts on training, with a huge range of courses and learning opportunities available to staff. Our induction has been overhauled to provide a more structured and comprehensive programme and now incorporates a significant e-learning element. The Trust also continues to recognise the need to develop future leaders and managers for the organisation, and for the third year has run an Executive Leadership Development Programme (ELDP). The ELDP programme now provides a post-graduate qualification accredited by Middlesex University.

We utilise a variety of tools to ensure our staff are kept up to date with changes and developments in the organisation. These include our internal weekly bulletin 'Shaw Thing' and, more formally, our Employee Forum. The latter meets at least four times a year enabling employees' views to be taken into account in making decisions that are likely to affect their interests. In addition to playing an active and constructive role in staff re-organisations, and the review of policies and procedures, forum members also contributed to the development of the business plan for 2009/10, raising awareness amongst employees of the financial and economic factors affecting Shaw Trust's performance.

The Trust continues to develop its credentials as an employer of choice, supported by feedback from the second internal Staff Survey. In particular, this shows high levels of satisfaction for the Trust's benefits and terms and conditions. The flexible benefits system has operated successfully for the third year running, with an increased take-up by staff. 526 employees used this scheme in 2009. Salaries have also been benchmarked against the sector and remain competitive.

Our Health & Safety Management system is continually reviewed and revised to ensure that it continues to meet our business needs. During the year there were 247 (2008: 219) accidents of which 11 (2008: 4) were RIDDOR (Reporting of Injuries, Diseases and

³ Office for National Statistics, Labour Force Survey, January to March 2009.

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Dangerous Occurrence Regulations)
reportable.

During 2008/09 we received 272 complaints
about our services and 176 compliments.
(2008: 138 complaints and 101 compliments).

Data and trends are monitored monthly by
senior executives and reported to the Board of
Trustees on a bi-monthly basis.

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Financial Review

The year has proved challenging from a financial perspective due to the combined effects of the Trust moving into new activity areas where income streams are significantly more dependent on achieving job-related outcomes and the tightening job market in the latter half of the financial year exacerbated by the economic downturn.

Consequently, the Trust generated net negative net movement in funds of £2.8 million (2008: positive net movement in funds of £7.4 m) with a resulting total funds position of £32.8 million (2008: £35.6m). Total incoming resources increased by £8.5 million to £81.4 million (2008: £72.9m) mainly due to the growth of contracts delivering assistance to disadvantaged and disabled people wishing to enter the job market. However, Charitable expenditure increased at a faster rate than incoming resources in the year with an increase of £17.3 million to £79.5 million (2008: £62.2m) as a result of the growth in activity in both our Employment and Work and Independence divisions, including the start-up costs associated with the initiation of new major contracts in the year prior to realisation of the full income stream potential.

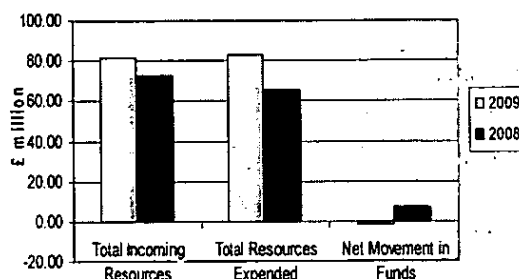
Our shops increased their income to £3.11 million (2008: £3.03m) and made a net loss of £117,000 for the year after allocated central support costs of £281,000 (2008: net profit of £45,000) (see note 2). The total costs of generating funds were £3.23 million (2008: £3.00m), as shown in the Group Statement of Financial Activities.

The current economic conditions mean that the Trust will potentially return a further deficit in the 2009-10 financial year but is currently actively pursuing process and operational improvements with the objective of returning to surplus by the conclusion of the coming year.

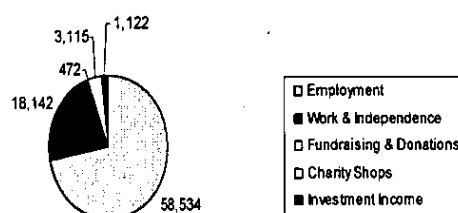
Net current assets at 31 March 2009 at £29.8 million were £1.2 million lower than at 31

March 2008 due primarily to a higher level of deferred income levels as a result of the accelerated payment of management fees by funders on some new Pathways contracts. However, cash and short term investments have increased by £1.61 million with cash at bank increasing by £2.76 million in the year.

Financial Performance



Analysis of Incoming Resources



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.

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

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The Trust's Investment Manager, Cheviot Asset Management, oversees a balanced investment portfolio which was worth £4.16 million as at 31 March 2009 (2008: £5.32 million). The decline in value of 22% was in line with general market conditions and the Trustees consider these investments as an important investment diversification method.

Additionally, the Trust has an account with the Charities Aid Foundation (CAF), with £14.33 million being held on deposit as at 31 March 2009. This investment gave a yield of £0.78 million or 5.84% (2008 - £0.94m or 6.10%). In total, the Trust has obtained a return of 5.15% (2008 - 5.79%) on cash deposits with its bankers and CAF over the year. The decline in returns reflects the lower interest rates available in the later periods of the financial year.

Reserves policy

The accounting policies on pages 25 to 27 describe the various funds of the Trust. Note 20 to the financial statements shows the assets and liabilities attributable to the various funds by type. The Trust's policy 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 £47.4million)
- Estimated lease commitments (assessed at 31 March 2009 at £11.1 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.

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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 17. David Hinton, a key member of the Board and Audit Committee, retired on April 24th 2009 after 19 years service and we are grateful for his valued contributions during this time. With effect from 12th August 2008 Bob Lewis retired due to ill health and his contributions to the Board as a whole and particularly to the Audit Committee, will be missed.

The Board was pleased to co-opt Simon Merchant and Janet Allen as new Trustees on 2nd June 2008 and they were formally elected at the AGM on 24 July 2008. Ann Lloyd was co-opted to the Board on 22nd January 2009, followed by Fred McCrindle and Philip Hollins on 9th April 2009. We are pleased to have the new trustees on board and look forward to working with them.

As part of their succession planning, the Trustees have a system of Trustee evaluation with a view to identifying potential gaps in their individual skills and of the board as a whole. Evaluation is carried out annually by the Trustees.

Recruitment of Trustees is undertaken through an open recruitment process, targeted towards any skills needs identified by the Trustee evaluation 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 People and Performance 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 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.

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.

The International Committee, which had overseen the implementation of the Trust's International Strategy, decided to delegate its duties to the Strategy Group, during the year,

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following the recruitment of the International Director.

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

There is an Executive Directorate (ED) comprised of key senior executives, who have the responsibility for the day-to-day management of the organisation.

The Trust is structured into four operating divisions: Employment, Work and Independence, Commercial and International, which are supported by Corporate Affairs, Information Services, People and Performance and Finance teams.

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.

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 has been adopted, and this is supported by the Trust's strategic risk register. During the year the RAMASES (Risk Assessment and Management Action Self-Evaluation System) project was completed which allows managers to objectively identify the risks they manage and to evaluate the effectiveness of the control or mitigation measures that they have in place. The Trust also has policies on Human Rights, Equal Opportunities, Race Relations and Health & Safety. Regular updates are available to Trustees covering such areas as Health & Safety, Charity Law, Finance Regulations and relevant Government policy.

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, such as market factors, business growth plans, people, performance delivery and governance; and make recommendations to Trustees. The Trust's risk register is reviewed at least annually by the Executive Directorate (ED) and is also reviewed annually by Trustees.

The ED receives and considers all internal audit reports and agrees management action and the Audit Committee considers internal audit activities at each meeting.

The main financial risks to the Trust have been considered. The requirement for government departments to demonstrate efficiency gains impacts on the price received for the services we provide; hence 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 has been achieved through the introduction of some national purchasing arrangements.

Credit risk on amounts owed to the charity by its customers remains low despite the

The Shaw Trust Limited

deterioration in economic conditions during the year, 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 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 may be 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 and has arranged a modest overdraft facility with its bankers during the year in addition to the existing "headroom" arrangement that had previously been available.

The Shaw Trust Limited

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

Patrons

Dame Evelyn Glennie OBE
Sir Derek Hornby Kt
Lady Kinnock MEP
Clive Richards OBE, DL
Oliver Stocken
M Aylward CBE

Sir Geoffrey Holland KCB
John Bush OBE, LL
Richard M Mansell-Jones
Hamish Orr-Ewing (President)
Rt Hon Sir Richard Needham
M Daymond

Trustees

J F Briffitt © ♦ • (Chairman)
S W Innes * • © (Vice Chairman)
M G Brain ♦
D J Hinton * © (retired 24 April 2009)
C W L Keen *
J R G Lewis * (retired 12 August 2008)
S M Sharma CBE
A M Wadlow ♦
S Merchant • (appointed 2 June 2008)
J Allen • (appointed 2 June 2008)
A Lloyd • (appointed 22 January 2009)
F McCrindle (appointed 9 April 2009)
P Hollins (appointed 9 April 2009)

* Member of the Audit Committee

© Member of the International Committee (delegated its duties to the Strategy Group on 26 November 2008)

♦ Member of the Remuneration Committee

• Member of the Strategy Group

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)
N Beckingham++ (Information Services Director, appointed 21 July 2008)
I Charlesworth + + (Chief Executive, resigned 12 December 2008)
J C Currin + + (Chief Finance Officer, resigned 1 October 2008)
B Jones + + (International Director, appointed 2 June 2008)
N C Mason+ + (Commercial Director)
S Knowles + + (Executive Director – Employment)
T Cooper + + (Managing Director – Work and Independence)
+ + Member of the Executive Directorate Team (ED)

Company Secretary

Mark Woodward

The Shaw Trust Limited

Registered Office

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

Auditors

PricewaterhouseCoopers LLP
31 Great George Street
Bristol
BS1 5QD

Bankers

Charities and Public Sector
The Royal Bank of Scotland
9th Floor,
280 Bishopsgate,
London
EC2M 4RB

Investment Manager

Cheviot Asset Management
90 Long Acre
London
WC2E 9RA

Property advisers

Macarthur Wilson
Clifton Heights
Triangle West
Clifton
Bristol
BS8 1EJ

McMullen Commercial Ltd
Kelston Park
Kelston
Bath
BA1 9AE

Solicitors

Brabner Chaffe Street Solicitors
55 King Street
Manchester
M2 4LQ

Osborne Clarke
2 Temple Back East
Temple Quay
Bristol
BS1 6EG

The Shaw Trust Limited

Other information

Statement of Trustees' responsibilities

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

Company law requires the trustees to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also

responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

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

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

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance published by the Charity Commission.



John Briffitt, Chairman
23 July 2009

The Shaw Trust Limited

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

We have audited the financial statements of The Shaw Trust Limited for the year ended 31 March 2009 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. The financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Trustees' Report and 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 and whether the information given in the

Trustees' Annual Report is consistent with those financial statements.

We also report to you if, in our opinion, the charity 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 transactions with the charity 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 judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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
Independent auditors' report to the members of The
Shaw Trust Limited (continued)

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 charity's affairs as at 31 March 2009, 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

Registered Auditors

Bristol, 23 July 2009

The Shaw Trust Limited
Group Statement of Financial Activities (including group income and expenditure account) for the year ended 31 March 2009

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2009 £'000	Total 2008 £'000
Incoming resources					
<i>Incoming resources from generated funds</i>					
Fundraising and Donations	1	88	384	472	298
Income from Charity shops	2	3,115	-	3,115	3,030
Interest		1,122	-	1,122	1,495
<i>Incoming resources from charitable activities</i>					
Employment		58,534		58,534	51,342
Work and Independence	19	17,340	802	18,142	16,741
Joint Ventures	9,10	-	225	225	-
Incoming resources including share of joint ventures.		80,199	1,411	81,610	72,906
Less share of joint ventures		-	(225)	(225)	-
Group incoming resources	1,19	80,199	1,186	81,385	72,906
Resources expended					
<i>Costs of generating funds</i>					
Cost of generating voluntary income		(59)	-	(59)	(10)
Charity shops' trading: costs of goods sold and other expenses	2	(3,232)	-	(3,232)	(2,985)
Total costs of generating funds		(3,291)	-	(3,291)	(2,995)
Charitable activities					
Employment		(53,703)	-	(53,703)	(43,215)
Work and Independence	19	(22,877)	(1,160)	(24,037)	(18,074)
International		(1,464)	-	(1,464)	(451)
Usage of fundraised monies on restricted projects	19	-	(330)	(330)	(424)
Total charitable expenditure		(78,044)	(1,490)	(79,534)	(62,164)
Governance costs		(329)	-	(329)	(231)
Total resources expended	3,19	(81,664)	(1,490)	(83,154)	(65,390)
Net (outgoing)/incoming resources before transfers		(1,465)	(304)	(1,769)	7,516
Gross transfers between funds	19	(431)	431	-	-
Group net (deficit)/income		(1,896)	127	(1,769)	7,516
Share of net incoming resources of joint ventures		-	145	145	-
Net (outgoing)/incoming resources including joint ventures		(1,896)	272	(1,624)	7,516
(Losses) on investment assets		(1,158)	-	(1,158)	-
Actuarial (loss) in defined benefit pension scheme	24	(6)	-	(6)	(117)
Net movement in funds		(3,060)	272	(2,788)	7,399
Fund balances brought forward		33,146	2,424	35,570	28,171
Fund balances carried forward	18,19	30,086	2,696	32,782	35,570

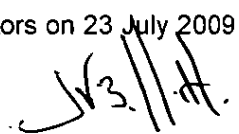
The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year. All incoming resources expended derived from continuing activities. The difference between the net incoming resources and the historical cost equivalent is not material; therefore no note of historical cost profits and losses has been presented.

The Shaw Trust Limited

Group and Charity Balance Sheets as at 31 March 2009

		Group		Company	
	Note	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Fixed assets					
Tangible assets	8	7,003	6,020	6,048	5,200
Investments in joint ventures – investment at cost	9,10			36	73
Gross Assets		366	86		
Gross Liabilities		(148)	(13)		
Net Assets		218	73		
		7,221	6,093	6,084	5,273
Current assets					
Stocks	12	181	169	63	59
Short term investments		4,160	5,318	4,160	5,318
Debtors	13	12,537	8,864	12,655	8,974
Cash at bank and in hand	14	28,713	25,947	28,713	25,947
		45,591	40,298	45,591	40,298
Creditors – amounts falling due within one year	15	(15,815)	(9,308)	(15,815)	(9,308)
Net current assets		29,776	30,990	29,776	30,990
Total assets less current liabilities		36,997	37,083	35,860	36,263
Creditors – amounts falling due after one year	16	(2,389)	-	(2,389)	-
Provisions for liabilities and charges	17	(1,618)	(1,321)	(1,618)	(1,321)
Net assets, before pension deficit		32,990	35,762	31,853	34,942
Pension deficit	24	(208)	(192)	(208)	(192)
Net assets, after pension deficit		32,782	35,570	31,645	34,750
Funds					
Designated funds		4,515	3,607	4,515	3,607
Revaluation reserve		185	185	185	185
General funds		25,594	29,546	25,630	29,546
Total unrestricted funds, before pension deficit		30,294	33,338	30,330	33,338
Pension deficit	24	(208)	(192)	(208)	(192)
Total unrestricted funds	18	30,086	33,146	30,122	33,146
Restricted funds	19	2,696	2,424	1,523	1,604
Total	20	32,782	35,570	31,645	34,750

The financial statements on pages 22 to 48 were approved by the board of directors on 23 July 2009 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 2009

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Net cash inflow from operating activities	a	-	4,771		6,143
Returns on investment and servicing of finance		-	-		
Interest received		1,122	-	1,495	
Interest/charges paid	4	(37)	-	(25)	
Net cash inflow from returns on investments and servicing on finance			1,085		1,470
Capital expenditure and financial investment					
Purchase of tangible fixed assets	8	(3,090)		(2,226)	
Investment in Joint Venture		-		(73)	
Short term investments		-		(18)	
Net cash outflow from capital expenditure and financial investment			(3,090)		(2,317)
Increase in cash	b		2,766		5,296

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

	2009 £'000	2008 £'000
Net (outgoing)/incoming resources before other recognised gains	(1,769)	7,516
Pensions (FRS17) – adjustment to net incoming resources	10	(35)
Interest receivable	(1,122)	(1,495)
Finance costs	37	25
Depreciation	1,868	760
Net loss on write off/disposal of fixed assets	239	102
(Increase)/decrease in stock	(12)	54
(Increase)/decrease in debtors	(3,673)	51
Increase in creditors	3,002	300
Increase/(decrease) in deferred income	5,894	(850)
Increase/(decrease) in provisions for liabilities and charges	297	(285)
Net cash inflow from operating activities	4,771	6,143

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

	2009 £'000	Cash Flow £'000	2008 £000
Cash at bank and in hand	28,713	2,766	25,947

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 Acts 1993 and 2006. 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 9) made up to 31 March 2009. 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 line by line basis.

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.

Deferred income

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

Donations and other voluntary income

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

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.

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.

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

Costs have been allocated directly to a business heading wherever possible using one relevant cost driver for each support cost department. Support costs that have not been directly allocated to a business heading in this way have been attributed to a business heading based on the results of an activity based costing exercise undertaken for the organisation as a whole.

The Shaw Trust Limited

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.

Goodwill

Purchased goodwill represents the difference between the cost of an acquisition and the fair value of its identifiable net assets.

Amortisation is provided over a maximum of 20 years subject to the estimated useful economic life of the goodwill. An impairment review is carried out after the first full financial year following acquisition to confirm the recoverable amount, and any amount not recoverable is written down. Further impairment reviews are performed if events indicate that the carrying value is not fully recoverable.

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.

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.

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.

Stocks

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

Designated funds

Reserves which relate to 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.

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

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' defined benefit pension arrangement, which is detailed in note 24 to the financial statements.

The defined benefit scheme, 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.

Joint Ventures

Joint ventures are accounted for under the gross equity method of accounting.

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. Total incoming resources/material funders

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

	2009 £'000	2008 £'000
Employment	58,534	51,342
Work and Independence	18,142	16,741
Charity shops	3,115	3,030
Fundraising	472	298
Interest receivable and profit on short term investments	1,122	1,495
Joint Ventures	225	-
Total	81,610	72,906

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

The principal funder is The Department for Work and Pensions (DWP) from which a total of £45.8million (2008: £42.1 million) was received.

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:-

	2009 £'000	2008 £'000
Central Government	2,635	701
Local Authorities	4,762	5,289
Other Statutory Bodies	3,747	4,859
European Funds	3,881	2,477
Others	3,117	3,415
Total	18,142	16,741

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

	2009 £'000	2008 £'000
Total income	81,610	72,063
Net incoming resources	(2,788)	7,516

The Shaw Trust Limited

2. Charity shops

	2009 £'000	2008 £'000
Turnover	3,115	3,030
Cost of sales	(1,794)	(1,693)
Gross profit	1,321	1,337
Administrative expenses	(1,023)	(963)
Depreciation	(179)	(157)
Net Contribution	119	217
Finance income and costs		
- interest received	50	-
- bank charges	(5)	(14)
Allocated Central Support costs	(281)	(158)
Net (loss)/profit	(117)	45

3. Analysis of total resources expended

Support costs	Employment £000s	Work & Independence £000s	Retail £000s	Governance £000s	International £000s	Usage of Fundraising funds £000s	Cost of Generating funds £000s	2009 Total £000s
Management	(556)	(483)	-	(120)	(48)	-	-	(1,207)
Finance	(100)	(87)	-	(22)	(9)	-	-	(218)
Information Technology	(207)	(180)	-	(45)	(18)	-	-	(450)
Human Resources	(273)	(238)	-	(59)	(24)	-	-	(594)
Corporate Affairs	(378)	(329)	-	(83)	(33)	-	-	(823)
Support costs not directly allocated	(1,514)	(1,317)	-	(329)	(132)	-	-	(3,292)
Activities undertaken directly	(52,189)	(22,720)	(3,232)	-	(1,332)	(300)	(59)	(79,862)
Total resources expended	(53,703)	(24,037)	(3,232)	(329)	(1,464)	(330)	(59)	(83,154)
Year ended								
31 March 2008	(43,215)	(18,074)	(2,985)	(231)	(451)	(424)	(10)	(65,390)

The Shaw Trust Limited

4. Finance costs

	2009 £'000	2008 £000
Bank charges		
- retail	5	14
- other	28	27
Net finance return on defined benefit pension scheme (note 24)	4	(16)
Total	37	25

4. Net (outgoing)/incoming resources

	2009 £'000	2008 £'000
The net (outgoing)/incoming resources are stated after charging/(crediting):		
<i>Depreciation charge for the year:</i>		
- tangible owned assets	1,868	760
<i>Auditors' remuneration: audit services</i>		
- Group audit services (Company £40,100 (2008: £34,650))	44	43
<i>Auditors' remuneration: other services</i>		
- grant audits	9	12
- services relating to taxation	11	24
- services relating to corporate finance transactions explored by the company	88	73
- all other services	41	16
<i>Operating leases:</i>		
- others	964	232
- property	2,274	1,733
Net loss on write off/disposal of tangible fixed assets	239	102

5. Employees

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

	2009 Number	2008 Number
Charitable purposes	1,252	1,126
Retail	106	111
Subtotal	1,358	1,237
Supported Placements	1,204	1,125
Total	2,562	2,362

The Shaw Trust Limited

6. Employees (continued)

Employee costs for the above persons during the year were:

	2009 £'000	2008 £'000
Wages and salaries	43,076	37,084
Social security costs	3,021	2,675
Other pensions costs (note 24)	1,254	1,241
Total	47,351	41,000

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

	2009 Number	Restated 2008 Number
£60,001 - £70,000	3	9
£70,001 - £80,000	6	6
£80,001 - £90,000	3	-
£90,001 - £100,000	3	3
£100,001 - £110,000	3	2
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-
£130,001 - £140,000	-	1
£140,001-£150,000	-	2

The total pension contributions in respect of the above staff, all of which were made to defined contribution schemes, were £229,558 (2008: £265,071).

7. Trustees' and senior executives' remuneration

- During 2009 and 2008, no Trustee received any emoluments from the Trust. Incidental travelling costs of £7,185 (2008: £10,065) were reimbursed to nine (2008: nine) Trustees by the Trust.
- The 'directorships' outlined on page 17 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.
- Included within the support costs is the amount of £6,391 (2008: £4,357) 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

8. Tangible assets

Group	Freehold land and buildings	Long leasehold property	Assets under construction	Equipment and vehicles	Fixtures and fittings	Charity shops fixtures and fittings	2009 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1 April 2008	375	3,279	181	671	3,507	1,267	9,280
Additions	-	-	392	24	2,514	160	3,090
Transfers	-	-	(143)	-	143	-	-
Write offs	-	(87)	-	(118)	(495)	-	(700)
At 31 March 2009	375	3,192	430	577	5,669	1,427	11,670
Accumulated depreciation							
At 1 April 2008	(90)	(914)	-	(367)	(1,141)	(748)	(3,260)
Charge for the year	(8)	(88)	-	(115)	(1,478)	(179)	(1,868)
Write offs	-	18	-	64	379	-	461
At 31 March 2009	(98)	(984)	-	(418)	(2,240)	(927)	(4,667)
Net book value							
At 31 March 2008	285	2,365	181	304	2,366	519	6,020
At 31 March 2009	277	2,208	430	159	3,429	500	7,003

The following fixed assets, included in freehold land and buildings and in long leasehold property, have been revalued:

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 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 despite the recent economic conditions and its effect on the commercial property market. Revaluation adjustments arising from those valuations have been taken to the revaluation reserve (see Note 18).

The Shaw Trust Limited

8. Tangible assets (continued)

Company	Freehold land and buildings	Long leasehold property	Assets under construction	Equipment and vehicles	Fixtures and fittings	Charity shops fixtures and fittings	2009 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1 April 2008	375	2,522	171	587	3,462	1,267	8,384
Additions	-	-	196	24	2,513	160	2,893
Transfers	-	-	(143)	-	143	-	-
Write offs	-	(86)	-	(85)	(491)	-	(662)
At 31 March 2009	375	2,436	224	526	5,627	1,427	10,615
Accumulated depreciation							
At 1 April 2008	(90)	(870)	-	(343)	(1,133)	(748)	(3,184)
Charge for the year	(8)	(72)	-	(97)	(1,467)	(179)	(1,823)
Write offs	-	18	-	45	377	-	440
At 31 March 2009	(98)	(924)	-	(395)	(2,223)	(927)	(4,567)
Net book value							
At 31 March 2008	285	1,652	171	244	2,329	519	5,200
At 31 March 2009	277	1,513	224	131	3,404	499	6,048

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

Group	£'000
At cost	3,382
Accumulated depreciation	(1,096)
Net book value based on historical cost	2,286
Company	
At cost	2,626
Accumulated depreciation	(1,021)
Net book value based on historical cost	1,605

The net book value of tangible assets includes an amount of £867,316 (2008: £899,184) in respect of assets principally financed by capital grants through The Big Lottery Fund and the European Regional Development Fund.

The Shaw Trust Limited

9. Investments

Company interests in group undertakings

	Company	
	2009	2008
	£	£
At 1 April 2008	101	101
Additions in the year	2	-
At 31 March 2009	103	101

	Group and Company	
	2009	2008
	£'000	£'000
Interests in joint ventures (non-UK)		
At 1 April 2008		
- Net assets	73	73
Additions		
Net asset donation – Foundation Motivation Romania	228	-
Share of surpluses/(deficits) retained – Foundation Motivation Romania	(46)	-
Share of surpluses retained – The Integracja Foundation	(1)	-
Impairment Charge	(36)	
Total fixed asset investments	218	73

The investments in the joint ventures are stated at the net of the group's interest in the gross assets and gross liabilities of the joint ventures. The initial joint venture investment in The Integracja Foundation was made by way of a capital contribution to Shaw Trust International Partnerships Limited, which holds the investment. The initial joint venture investment in Motivation Foundation Romania has been received by way of donation.

The Trust has the following wholly owned subsidiaries. All subsidiaries, other than those that are dormant, are included in the consolidated financial statements.

Name of subsidiary	Country of incorporation	Nature of business
Shaw Trust International Partnerships Limited	England and Wales	Overseas activities
Shaw Work pty Limited	Australia	Dormant
Shaw Trust Services Limited	England and Wales	Dormant
Shaw Trust Enterprises Limited	England and Wales	Dormant
Shaw Trust Environmental Limited	England and Wales	Dormant
Localview Limited	England and Wales	Dormant

The Shaw Trust Limited

9. Investments (continued)

The Trust's subsidiary undertaking, Shaw Trust International Partnerships Limited, formed a joint venture on 16 July 2008 in respect of Motivation Romania Foundation, having acquired 50% control of the joint venture company. Motivation Romania Foundation held a 50% share in Motivation SRL until 16 February 2009 at which point it acquired 100% control. Both Motivation Romania Foundation and the existing joint venture, The Integracja Foundation, prepare their annual financial statements to 31 December each year. For the purposes of accounting for the joint venture in the Trust's group financial statements, the group has obtained unaudited management accounts for both joint venture companies for the three months ended 31 March 2009.

Name of joint venture	Country of incorporation	Nature of business
The Integracja Foundation	Poland	Charity
Motivation Romania Foundation	Romania	Charity

10. Shaw Trust International Partnerships Limited

The Trust has a wholly owned subsidiary, Shaw Trust International Partnerships Limited, which is used as a holding company for the Trust's overseas investments. A summary of the results of the subsidiary is shown below. For the year ended 31 March 2009, the main activity of this subsidiary company was the setting up of the joint venture Motivation Foundation in Romania and the on-going involvement in the joint venture Integracja Foundation in Poland. Audited financial statements for year to 31 March 2009 have been filed with the Registrar of Companies.

	2009 £'000	2008 £'000
Turnover	-	-
Administrative expenses	(37)	-
Operating and Retained Loss	(37)	-
Total Assets	36	73

The Shaw Trust Limited

10. Shaw Trust International Partnerships Limited (continued)

A summary of the results of the joint venture, The Integracja Foundation, for the year ended 31 March 2009 is shown below.

	2009 £'000	2008 £'000
Gross incoming resources	103	
Costs of generating funds	(100)	-
Expenditure on charitable activities	-	-
Expenditure on governance	(6)	-
Deficit for the period	(3)	
Analysis of net assets at 31 March 2009		
Fixed assets	22	2
Current assets	111	171
Liabilities under one year	(60)	(8)
Liabilities over one year	-	-
Total funds	73	165

A summary of the results of the joint venture, Motivation Foundation Romania, from the date that the joint venture arrangement began on 16 July 2008.

	2009 £'000
Gross incoming resources	345
Costs of generating funds	-
Expenditure on charitable activities	(434)
Expenditure on governance	-
Deficit for the period	(89)
Analysis of net assets at 31 March 2009	
Fixed assets	513
Current assets	87
Liabilities under one year	(237)
Liabilities over one year	-
Total funds	363

The Shaw Trust Limited

11. Palmer Gardens

The Shaw Trust Limited is the corporate trustee of Palmer Gardens, which is a charitable trust, first registered as a charity on 25 March 1977 under number 273092. Under a Scheme dated 21 August 2008 a uniting direction was passed combining The Shaw Trust Limited and Palmers Gardens for accounting purposes. The financial results of Palmers Gardens are included in the restricted funds sections of these financial statements and individually shown below.

Palmer Gardens has a Revenue Fund of £Nil as at 31 March 2009 (2008: £Nil) and a Capital fund of £955,000 as at 31 March 2009 (2008: £820,000). The income and expenditure account for the Revenue Fund is set out below:

	2009 £'000	2008 £'000
Turnover	802	843
Costs of sales	(438)	(484)
Gross profit	364	359
Selling and distribution	(421)	(404)
Administration	(58)	(46)
Finance	(4)	(5)
Operating (deficit)	(119)	(96)
Support costs	(192)	(173)
Depreciation	(47)	(38)
Net deficit	(358)	(307)
Palmer Gardens Revenue Fund Brought Forward	-	-
Donation from Shaw Trust to Palmer Gardens	358	307
Balance of restricted revenue reserve (see note 19)	-	-

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

	2009 £'000	2008 £'000
Fixed Assets		
Palmer Gardens	955	820
Analysis of net assets:		
Current assets – stocks	118	110
Current liabilities – creditors Shaw Trust	(118)	(110)
Net current assets	-	-
Total assets less current liabilities	955	820
Funds		
Restricted capital funds	955	820
Total	955	820

The Shaw Trust Limited

12. Stocks

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Finished goods				
Plants, shrubs and nursery	137	118	19	8
Printing materials and stationery	-	3	-	3
Shop stock	12	14	12	14
Other	32	34	32	34
Total	181	169	63	59

13. Debtors

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	10,214	7,421	10,214	7,421
Amount due from subsidiary charity	-	-	118	110
Other debtors	456	60	456	60
Prepayments	1,867	1,383	1,867	1,383
Total	12,537	8,864	12,655	8,974

14. Cash at bank and in hand

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Charities Aid Foundation (CAF) Deposit	14,329	15,927	14,329	15,927
Cash at bank and in hand	14,384	10,020	14,384	10,020
Total	28,713	25,947	28,713	25,947

Included within cash at bank is £761,000 (2008: £689,000) held on behalf of third party Direct Payments recipients (see note 15).

The Shaw Trust Limited

15. Creditors: amounts falling due within one year

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade creditors	2,667	870	2,667	870
Taxation and social security	2,422	1,225	2,422	1,225
Other creditors	275	206	275	206
Accruals	5,960	6,093	5,960	6,093
Third party direct payments	761	689	761	689
Deferred income (see below)	3,730	225	3,730	225
Total	15,815	9,308	15,815	9,308

Deferred Income

Group and Company	£'000	£'000
At 1 April 2008		225
Amount received in year	19,355	
Income utilised in year	(13,461)	
		5,894
At 31 March 2009 (see notes 15 and 16)		6,119

16. Creditors: amounts falling due after one year

	Group		Company	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Amounts falling due after one year:				
Deferred income	2,389	-	2,389	-
Total	2,389	-	2,389	-

The Shaw Trust Limited

17. Provisions for liabilities and charges

Group and Company	Redundancies	Dilapidations	Donation to Goodwill RST	Total
	£'000	£'000	£'000	£'000
At 1 April 2008	86	1,162	73	1,321
Utilised during the year	(86)	(25)	(49)	(160)
Created during the year	197	260	-	457
At 31 March 2009	197	1,397	24	1,618

At 31 March 2009 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 26).

18. Unrestricted funds

Group and Company	Movement in funds				Balance 2009 £'000
	Balance 2008 £'000	Incoming £'000	(Outgoing) £'000	Transfer £'000	
Designated funds:					
Fixed assets fund	3,607	908	-	-	4,515
Total designated funds	3,607	908	-	-	4,515
Revaluation reserve	185	-	-	-	185
General funds	29,546	79,291	(81,654)	(431)	26,752
Total unrestricted funds, before pension deficit and investment losses	33,338	80,199	(81,654)	(431)	31,452
Pension deficit	(192)		(16)		(208)
Losses on Investment Assets			(1,158)		(1,158)
Total unrestricted funds	33,146	80,199	(82,828)	(431)	30,086

The designated fund represents the Trust's fixed assets which are not subject to restriction. The revaluation reserve arises from revaluations of freehold property in previous years, as set out in Note 8. The pension deficit arises from a defined benefit scheme, as set out in Note 24. The unrestricted reserves of the Trust are £36,000 higher than for the group (as shown above) due to outgoing resources in the subsidiary company, as shown in note 10.

The Shaw Trust Limited

19. Restricted funds

Group and Company	Movement in funds				Balance 2009 £'000
	Balance 2008 £'000	Incoming £'000	(Outgoing) £'000	Transfer losses £'000	
The Big Lottery Fund					
Shaw Trust Chorley & South Ribble MH (Revenue)	8	45	(53)	-	-
Shaw Trust Chorley & South Ribble MH (Capital)	6	-	-	-	6
Shaw Trust - St Helens	-	55	(55)	-	-
Shaw Trust Portsmouth	27	-	(1)	-	26
Sub-total The Big Lottery Fund	41	100	(109)	-	32
Other					
Basingstoke MH Artisans	4	-	-	-	4
Disability Action Centre (Capital)	633	-	(13)	-	620
Employment Action Centre (Capital)	878	-	(38)	-	840
Shaw Trust – Next Steps Wiltshire	5	-	(5)	-	-
LIW Opening Doors (Heritage Lottery)	-	12	(12)	-	-
Shaw Trust Folkestone	-	9	(1)	-	8
Shaw Trust Portsmouth	8	-	(8)	-	-
Shaw Trust Seaham	-	15	(15)	-	-
Shaw Trust Retail Employment	35	-	(32)	-	3
Shaw Trust Pathways Waltham Cross	-	1	-	-	1
Shaw Trust Herne Bay	-	1	(1)	-	-
Shaw Trust Work in Progress Norfolk	-	1	(1)	-	-
Shaw Trust Mental Health Campaign	-	49	(34)	-	15
Total company	1,604	188	(269)	-	1,523
Palmer Gardens Fund (Capital)	820	197	(62)	-	955
Palmer Gardens Fund (Revenue)	-	802	(1,160)	358	-
Integracja Foundation Joint Venture	-	52	(89)	73	36
Foundation Motivation Romania	-	401	(219)	-	182
Total group	2,424	1,640	(1,799)	431	2,696

Monies received in year from The Big Lottery Fund for St Helen's, Chorley and South Ribble totalled £100,000 (2008: £118,000 this also included Palmer Gardens).

The Shaw Trust Limited

19. Restricted Funds

(continued)

Shaw Trust Chorley & South Ribble in Lancashire provides work focused activities encouraging service users with mental ill health 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 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 and European Funding.

Shaw Trust Horticulture Portsmouth (Greenfingers) received funding to enable Clients to develop through the Service's Nursery and Grounds Maintenance Service.

Shaw Trust Basingstoke MH Artisans - received funding to develop a community garden within the local area. This has been supported by existing service users as well as residents.

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.

Shaw Trust Next Steps - received funding from the local radio station to hold GOALS training courses (Gaining Opportunities and Life Skills) to help motivate clients in

their efforts to achieve meaningful employment.

LIW Opening Doors (Heritage Lottery) - received funding to work with young people delivering sport, healthy eating, volunteering, mentoring, family planning and drugs awareness advice.

Shaw Trust Folkestone provides a vocational rehabilitation service to support people with severe and enduring mental health problems to access paid employment, training opportunities, further education and voluntary work for experience only. Funding was received as a donation to replace drains on the project site.

Shaw Trust Horticulture Portsmouth (Greenfingers) provides a grounds maintenance service. Funding was received from the Big Lottery Fund to renovate a disused building on the hospital site. This was to provide the project with an office and shop area.

Shaw Trust Horticulture Seaham received funding from the Postcode Lottery to upgrade the garden centre's greenhouses and add an additional poly-tunnel to enhance the horticultural services offered at the community garden centre.

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.

The Shaw Trust Limited

19. Restricted funds

The Pathways Waltham Cross project offers support and training to disabled to assist them back into employment. Funding of £1,000 was received from Kentish Foundation and £300 from St Jude's Trust. This funding enabled a client to undertake HGV driving lessons and test.

Shaw Trust Herne Bay is a vocational rehabilitation project working with people with severe and enduring mental ill health. A social fundraising event raised monies to enable a laptop to be purchased to allow outreach working.

Shaw Trust Progress to Work Norfolk is a service for clients with a history of drug or alcohol misuse, who are homeless or are ex-offenders. We aim to assist clients to move into employment through work tasters, mainstream provision and training opportunities.

Shaw Trust Mental Health Campaign has been running a campaign to raise awareness of mental ill health and challenging the stigma surrounding it. Through sponsorship from national corporate (Credit Suisse, BUPA, UNUM, Lehman Brothers) we were able to build and launch a website for line managers enabling them to support their employees who are dealing with a mental health issue to ensure they stay in work, and to encourage employers to be more open in recruiting people disclosing mental health conditions.

Palmer Gardens is a vocational training centre and the restricted capital fund comprises £955,000 (2008: £820,000) of re-valued 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 2009 (2008: Nil).

During the year there were transfers in from Shaw Trust's unrestricted reserves to Palmer Gardens' restricted funds of £Nil (2007:£15,000) related to capital investment and £358,000 (2007:£307,000) was a donation from Shaw Trust to cover the deficit in revenue running costs (see note 11).

We acknowledge the grant awarded by London Councils European Social Fund (ESF) Co-financing in respect of the Bexley Heath drug and alcohol project. £23,514 was received this year and has been applied to support service users with drug and alcohol addiction, helping them to re-engage in society.

The Shaw Trust Limited

20. Analysis of group net assets between funds

Group	Designated (including revaluation reserve) £'000	Unrestricted (including pension deficit) £'000	Restricted £'000	Total funds 2009 £'000	Total funds 2008 £'000
Fund balances at 31 March are represented by:					
Tangible fixed assets	4,700	-	2,521	7,221	6,093
Current assets	-	45,416	175	45,591	40,298
Current liabilities	-	(15,815)	-	(15,815)	(9,308)
Long-term liabilities	-	(2,389)	-	(2,389)	-
Provisions for liabilities and charges	-	(1,618)	-	(1,618)	(1,321)
Pension deficit	-	(208)	-	(208)	(192)
Total net assets 31 March 2009	4,700	25,386	2,696	32,782	35,570
Total net assets 31 March 2008	3,792	29,354	2,424	35,570	-

Included within designated funds and restricted funds are revaluations of £184,723 and £30,429 respectively. See Note 18 for additional details.

21. Taxation

The Trust has no obligation to corporation tax as it is exempt on income and gains that are applied for wholly charitable purposes. There is no similar exemption for VAT.

22. Financial commitments

At 31 March 2009 the group and company had annual commitments under non-cancellable operating leases expiring as follows:

Group and Company	Property		Other	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Within one year	169	456	107	15
Between one and five years	1,868	946	654	217
After five years	336	331	-	-
Total	2,373	1,733	761	232

Other operating leases relate to motor vehicles and office equipment.

The Shaw Trust Limited

23. Capital commitments

At 31 March 2009, there was a commitment for capital expenditure of £57,700 (2008: £831,000) in relation to garden maintenance equipment required for delivery of services within a Social Enterprise and for the continued development of the new Intranet site.

24. 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. The major assumptions used by the actuary for the last three years are:

	2009	2008	2007
Rate of increase in salaries	4.8%	5.10%	4.85%
Rate of increase in pensions in payment	3.3%	3.60%	3.10%
Inflation rate	3.3%	3.60%	3.10%
Discount rate	7.1%	6.10%	5.40%

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

	Long term rate of return expected 2009 %	Value at 31 March 2009 £'000	Long term rate of return expected 2008 %	Value at 31 March 2008 £'000	Long term rate of return expected 2007 %	Value at 31 March 2007 £'000
Equities	7.50	890	7.50	1,122	7.50	1,152
Bonds	4.00	254	4.60	271	4.70	260
Gilts	6.00	112	6.10	132	5.40	119
Property	6.50	159	6.50	205	6.50	204
Cash	0.50	73	5.25	54	5.25	12
Total market value of assets		1,488		1,784		1,747
Present value of scheme liabilities		(1,696)		(1,976)		(1,857)
Net pension deficit		(208)		(192)		(110)

The Shaw Trust Limited

24. Pension commitments (continued)

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

	2009 £'000	2008 £'000
Current service	(36)	(30)
Past service cost	-	(18)
Total operating charge	(36)	(48)

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

	2009 £'000	2008 £'000
Expected return on pension scheme assets	117	117
Interest on pension scheme liabilities	(121)	(101)
Net return	(4)	16

Analysis of amount recognised in the Statement of Financial Activities

	2009 £'000	2008 £'000
Actual return less expected return on pension scheme assets	(427)	(135)
Experience gains and losses arising on the scheme liabilities	-	51
Changes in the assumptions underlying the present value of the scheme liabilities	421	(33)
Actuarial (loss) recognised in the Statement of Financial Activities	(6)	(117)

Movement in deficit during the year

	2009 £000	2008 £'000
Deficit in the scheme at the start of the year	(192)	(110)
Movement:		
Current service cost	(36)	(30)
Past service cost	-	(18)
Contributions	30	67
Other finance (costs)/income	(4)	16
Actuarial (loss)/gain	(6)	(117)
Deficit in the scheme at the end of the year	(208)	(192)

The full actuarial valuation at 31 March 2009 showed an increase in Shaw Trust's assessed share of the scheme deficit from £192,000 to £208,000.

The Shaw Trust Limited

24. Pension commitments (continued)

History of experience – gains and losses	2009	2008	2007
Difference between expected and actual return on scheme assets:			
Amount (£'000)	(427)	(135)	15
Percentage of scheme assets (%)	28.7%	7.6%	0.9%
Experience gains and losses on scheme liabilities:			
Amount in (£'000)	-	51	-
Percentage of the present value of the scheme liabilities (%)	0%	2.6%	0%
Total amount recognised in the Statement of Financial Activities:			
Amount (£'000)	(6)	(117)	119
Percentage of the present value of the scheme liabilities (%)	0.4%	5.90%	6.4%

Summary of pension cost

The pension cost charged to the Statement of Financial Activities for the year amounted to £1.26 million (2008: £1.24 million) and was made up as follows:

	2009 £'000	2008 £'000
Defined benefit scheme	40	35
Defined contribution scheme	1,214	1,206
Total	1,254	1,241

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. 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.

The Shaw Trust Limited

26. Connected charity (continued)

Goodwill RST opened a large retail store, raising funds to support the objectives of the charity in Stevenage in March 2004. 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 was appointed as liquidators, with the liquidation process being completed on 20 December 2007.

Up until the date of liquidation, Shaw Trust, through agreement, provided Goodwill RST with central services support, as and when required such as Finance, Marketing, Public Relations and Human Resources. No charge 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 £96,836 (2008: £290,432) in the event of lease payment default. Shaw Trust's share of this is £24,080 (2008: £72,608) which has been accounted for as a provision for future liabilities (note 17).

27. Post Balance Sheet Events

On May 1 2009 Shaw Trust Limited and Employment Opportunities for People with Disabilities ("Employment Opportunities") announced that they had agreed to the merger of the two organisations effective May 1 2009. Employment Opportunities is a national charity dedicated to creating routes into employment for people with all disabilities and medical conditions. Employment Opportunities has been supporting people with a wide range of disabilities into employment for thirty years. In the last 10 years, they have helped over 10,000 people towards work. In the financial year ended 31 March 2008 Employment Opportunities had total incoming resources of £5.1m.