

THE SHAW EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2019



We believe, you achieve

THE SHAW EDUCATION TRUST

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THE SHAW EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mr C Richards
The Shaw Trust
Mr J Rouse (Chair)
Mr J Norman (Vice Chair)
Mr D Bateson (appointed 10 December 2018)
Mr P Baldwin (appointed 10 December 2018)

Trustees

Mr D Bateson
Mr M Hawker
Mrs J Morgan (Chief Executive Officer)
Mr J Norman
Mr D Phipps (Resigned 30 April 2019)
Mr M Cladingbowl
Mr J Rouse (Chair)

Senior management team

CEO and Accounting Officer
Director of Education, Standards and
Training
Chief Operating Officer
Finance Director
Operations Director
Estates Director

Mrs J Morgan
Mrs J Yarwood
Mr P Harrison
Miss H Turner
Mr G Lawrie
Mr P Potts

Company secretary

Mr N Carey (resigned 5 July 2019)
Mr P Harrison (appointed 6 July 2019)

Company registration number

09067175 (England and Wales)

Registered office

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

Independent auditor

PricewaterhouseCoopers LLP
2 Glass Wharf
Bristol
BS2 0FR

Bankers

Natwest Bank
135 Bishopsgate
London
EC2M 3UR

THE SHAW EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors

Winckworth Sherwood
Minerva House
5 Montague Close
London
SE1 9BB

THE SHAW EDUCATION TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees present their annual report together with the accounts and auditors' report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

As at 31 August 2019, The Shaw Education Trust operated fifteen academies and one further education college for over 7,350 pupils aged 2-21 across Staffordshire, Birmingham, Bury, Wigan and Halton. They are:

Academy	Location	Type		Funded Places
Blackfriars Academy	Staffordshire	Secondary incl. Post-16	Special	180
Newfriars College	Staffordshire	Post 16 College	Special	131
Coppice Academy	Staffordshire	Secondary	Special	87
Walton Hall Academy	Staffordshire	Secondary incl. Post-16	Special	135
Wolstanton High School	Staffordshire	Secondary	Mainstream	860
Saxon Hill Academy	Staffordshire	All-through incl. Post-16 & Nursery	Special	95
Great Barr Academy	Birmingham	Secondary incl. Post-16	Mainstream	1762
Madeley School	Staffordshire	Secondary	Mainstream	612
Castlebrook High School	Bury	Secondary	Mainstream	750
Seabridge Primary School	Staffordshire	Primary	Mainstream	415
The Meadows Madeley	Staffordshire	Primary	Mainstream	96
The Westleigh School	Wigan	Secondary	Mainstream	856
Brookfields	Halton	Primary	Special	73
Tottington High School	Bury	Secondary	Mainstream	921
Kidsgrove High School	Staffordshire	Secondary	Mainstream	382
Kidsgrove Primary School	Staffordshire	Primary	Mainstream	167

The Shaw Education Trust is a subsidiary of the Shaw Trust group. The Shaw Trust group consists of the following companies:

- The Shaw Trust
- The Shaw Education Trust
- Ixion Holdings
- The Prospects Group Including Optimus Education
- CDG Wiseability
- Fourth Sector

Structure, governance and management

Constitution

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of The Shaw Education Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as The Shaw Education Trust.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

THE SHAW EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Members' liability

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

Trustees' indemnities

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

Method of recruitment and appointment or election of trustees

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

Policies and procedures adopted for the induction and training of trustees

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

Organisation Structure

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

The Shaw Trust provides three sponsor trustees to The Shaw Education Trust board. Additionally the Shaw Trust board meet quarterly and reviews the progress of The Shaw Education Trust as an agenda item.

The CEO of The Shaw Education Trust is a member of The Shaw Trust Executive board.

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

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

Principals have been appointed in each academy and report to the CEO and individual Academy Councils.

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

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

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

In September 2019 the Shaw Education Trust created a new subsidiary company called Newfriars College, a Specialist Provision Institution providing education to pupils aged 16 to 25 years.

THE SHAW EDUCATION TRUST
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	10
Full-time equivalent employee number	9.60

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	4
1%-50%	5
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	10,000
Total pay bill	31,414,000
Percentage of the total pay bill spent on facility time	negligible

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	negligible
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THE SHAW EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities

Objects and aims

Our Vision

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

Our mission

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

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

High quality intervention and targeted leadership development will be the foundation stone of our Trust. We will accelerate improvement in all our academies from their individual starting points. Schools facing challenge will be intensively supported to get to good. This will be a journey of integrity, with children always being at the heart of decisions we take on the curriculum, structures, and development planning. We will not make decisions which disadvantage children to secure 'quick wins'. We will transform our schools by building strong solid foundations, so they will flourish in the long term. Leaders will be celebrated, encouraged to excel, think innovatively and be incredible.

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

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

Our values

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

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

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

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

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

THE SHAW EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Our ambition

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

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

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

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

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

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

We will provide school improvement services and high quality professional mentoring for Headteacher's and future leaders.

We will lead the way in initial teacher training.

Objectives, strategies and activities

Shaw Education Trust objectives 2018 - 2022

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

Our four year strategic plan is based on our growth development from an emergent multi-academy trust (2014-2018) to a leading provider of exceptional outcomes by 2022.

We will:

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

Equal Opportunities

The trust is committed to employment policies which follow best practice based in ensuring equal opportunities for all employees irrespective of gender(s), race, colour, age, sexuality, disability, or marital status. This includes all protected characteristics in line with the 2010 Equality Act. The trust gives full and fair consideration to applications for employment from disabled persons having regard to their particular aptitudes and abilities.

THE SHAW EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Public benefit

The trustees confirm that they have referred to the guidance contained in the Charity Commissioner's general guidance on public benefit when reviewing the academy trust objective and aims in planning future activities for the period. The trustees consider that the academy trust can clearly demonstrate that its aims are to advance education for public benefit. The 7 Nolan Principles are adhered to in our practice.

Strategic report

Achievements and performance

Strategic reporting

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

The standard termly format details a report from the CEO, which includes DfE (Department of Education), RSC (Regional Schools Commissioner) and Ofsted updates, a strategic evaluation, staffing updates, business and pipeline plan review, schools update and MAT self-evaluation; a report from the Regional Directors, which includes updates on school data and outcomes, CPD (Continued Professional Development), improvement activity and current assessment of our academies; a report from the Chief Operating Officer; a report from the Director of Finance; a Director of Operations report which includes the risk register and the reports from the Director of Estates, Health and Safety & Compliance (this includes allocations from the Schools Condition Allowance grant, risk assessments, traps and triggers, HR, governance and buildings).

This enables the Shaw Education Trust directors to have a broad understanding of current performance indicators and ensure robust governance. Progress is shared with the Sponsor Board (Shaw Trust) through a formal meeting process.

Operational planning

The Board of trustees receive a termly report from the CEO which details progress against operational objectives and updates the board on outstanding matters and successes. This report incorporates business and financial updates. Progress is evaluated by the Board and the risk register updated.

The Board receives comprehensive due diligence reports on potential schools looking to join the Trust. These are then discussed in depth and the Board approves, or challenges, the Executive Leadership Team's recommendations. Educational considerations, financial details and estate review documentation is scrutinised to ensure effective risk management and growth strategy.

Self-evaluation

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

THE SHAW EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Staffing

From the onset, the board of trustees understood the need to establish a more sustainable staffing structure to manage the academy trust and increase our capacity to support academies effectively. We have in post a very experienced educational Chief Executive; two Regional Directors (from 2019); Chief Operating Officer and Director of Finance; five Subject Directors; a Director of Estates, Health and Safety and Compliance and a Director of Operations. We have also enhanced the team by creating several administrative posts to support the Trust's efficacy; this includes finance, ICT and marketing posts.

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

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

The CEO and the central team continue to develop strategy to support the more effective delivery of services and centralised procurement. Evaluations of catering, IT, estates, and capital are well developed. There are well co-ordinated plans for buildings improvement across all of the existing academies. The SCA is now delivering a well-planned capital build programme across the Trust. Pupil need, growth, health and safety, and individual academy planning prioritise this.

Key performance indicators

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

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

Our mainstream secondary academies: Wolstanton High, Requires Improvement; Madeley High, Good with Outstanding features; Great Barr, Requires Improvement with Good features; The Westleigh School, Requires Improvement with Good features; Castlebrook (Unsworth Academy from September 2019), Good; Tottington, Requires Improvement; Kidsgrove High, Requires Improvement with elements of good.

Performance at GCSE level has improved in all the academies since they have been with the Trust; this includes both attainment and progress measures.

Kidsgrove Primary has been evaluated by Ofsted as Requires Improvement with elements of good.

Seabridge Primary and Meadows Primary we evaluate as Outstanding with performance above national levels.

The SCITT has been assessed by Ofsted as Outstanding.

Going concern

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

THE SHAW EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Financial review

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

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

The academy trust is a wholly owned subsidiary of The Shaw Trust. The financial activities of the academy trust and its wholly owned subsidiary Newfriars college are fully consolidated into The Shaw Trust group accounts.

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

The deficit on the restricted pension fund of £33.062 million (2018: £18.4 million) arises from an actuarial deficit on the local government pension scheme, which will be dealt with as advised by the actuary.

Reserves policy

The Trustees have adopted a policy that takes into account the following principles:

- Reserves have a specific purpose related to future spending or covering current and future risks
- The size of the reserves balance the benefit of current spending with the risks the reserves cover
- They are transparent and maintain the link with the purpose for which the income was given
- They ensure that sufficient resources are available so that unexpected events can be accommodated without causing current year problems, generating a deficit or cash flow difficulties.

Reserves have been maintained by the Shaw Education Trust to ensure:

- Current reserves manage known risks which are not insurable or where insurance does not provide value for money
- Equalisation reserves are available to smooth out irregular spending
- Specific capital reserves are available to fund capital expenditure and other investments that would not be affordable if financed from a single year's funding
- There is a general reserve to provide for unexpected and unpredictable needs
- Cash flow management enables variable cash demands across the Trust or specific parts of the Trust to be managed.

At 31 August 2019, unrestricted reserves are a surplus of £3.333 million (2018: £3.7 million). However, these reserves are largely committed for expenditure within the academies as contributions to capital projects, staffing restructures or specific educational interventions. Restricted funds at the end of the period are surplus £2.234 million (2018: £1 million) less £33.062 million (2018: £18.4 million) of pension liabilities.

Investment policy

The trust currently has no material investments.

THE SHAW EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Principal risks and uncertainties

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

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

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

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

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

Fundraising

The academy trust does not use any external fundraisers. The Trustees monitored all fundraising undertaken during the year.

Plans for future periods

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

One of our key objectives for the first/second year of operation was to extend the family of schools in the West Midlands cluster and move into the North West. Our priority remains to recruit schools from all sectors, secondary, primary as well as special schools. In year two, we added a mainstream secondary school, Wolstanton High School and an all-through special school, Saxon Hill. In September 2018, we opened Newfriars College in Stoke-on-Trent. This provision provides 16-25 education for pupils with special educational needs and disabilities. As at 31 August 2019, the trust consists of 16 academies, a Teaching School and SCITT.

Business plans for 2019-20 financial year include a detailed plan for further growth, including the opening of a Primary Free school in Lichfield. Plans include free school applications and maintained school conversions.

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

THE SHAW EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Auditor

In so far as the trustees are aware:

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

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

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 20 December 2019 and signed on its behalf by:



.....
Mr J Rouse

Chair

THE SHAW EDUCATION TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 3 times during the period.

Trustees	Meetings attended	Out of possible
Mr D Bateson	3	3
Mr M Hawker	3	3
Mrs J Morgan (Chief Executive)	3	3
Mr J Norman	3	3
Mr D Phipps (Resigned 30 April 2019)	2	2
Mr M Cladingbowl	3	3
Mr J Rouse (Chair of Trustees)	3	3

THE SHAW EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The Shaw Education Trust Governance structure ensures compliance with statutory duties, the monitoring of standards related to pupil progress and determines the growth of the Trust. The board of trustees enacts the three functions of governance:

- Ensuring clarity of vision, ethos and strategic direction;
- Holding executive leaders to account for the educational performance of the organisation and its pupils, and the performance management of staff; and
- Overseeing the financial performance of the organisation and ensuring money is well spent

The board of trustees recognise the need to ensure that Trust infrastructure gives the opportunity for growth and academy improvement. Additionally, Trustees recognise the need to vary levels of delegation attributed to each Academy depending on strengths, areas for development and starting points. As a result, our mechanisms for governance are agile within an agreed framework.

The board of trustees uses the trust vision to determine the strategic direction of the academies.

Executive leaders are required to produce comprehensive reports from within their areas of responsibility. Summaries of all pupil performance information is provided to Trustees. Trustees review the information and are able to provide effective oversight due to the succinct way in which the data is presented.

The board of trustees evaluates performance management processes.

Financial governance is reviewed annually by internal and external audit. The principals and regulations set out in the Academies Financial Handbook form the cornerstone of Shaw Education Trusts approach to financial governance.

The governance structure is designed to adapt as our Trust grows. The governance structure is supported by the following:

- Trust members – an independent member (founding Chair of Trustees); the corporate sponsor, The Shaw Trust, The chairman of the Directors; and The vice chairman of the Directors; and two persons appointed under article 16.
- Trust board – the Directors/Trustees; 3 Shaw Trust representatives; 2 educational experts; SET CEO (ex-officio) and the independent chair.
- Trust sub-committees
- Local Governing Bodies – known as Academy Councils
- The Executive Leadership team in attendance – the Regional Directors, Chief Operating Officer, Director of Finance, Director of Estates, Health & Safety and Compliance and the Director of Operations.

The Shaw Education Trust Board has overall responsibility and ultimate decision-making authority for all the work of the Academy Trust, this is reflected in the Scheme of Delegation.

The board of trustees complete a questionnaire each year to provide a self-evaluation of their effectiveness and reflect on the appropriateness of their time spent on each aspect of their governance role.

The principal of “no duplication of governance” requires a clear differentiation of the nature of the scrutiny and challenge provided by the Trust Board Sub-Committees. This compares with each academy councils scrutiny of each individual academy’s contribution to overall performance across the trust.

There is a Nominations and Remunerations committee that approves all pay recommendations for the staff in the schools and the central team. The school based increments have been recommended by the Academy Councils and then quality assured by the central team.

THE SHAW EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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

Attendance at Finance committee meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mr M Hawker (Chair of Finance Committee)	3	3
Mrs J Morgan (Chief Executive)	3	3
Mr D Phipps (Resigned 30 April 2019)	2	2
Mr J Rouse (Chair of Trustees)	3	3

The Audit committee is a dedicated sub-committee of the main board of trustees. Its purpose is to provide internal scrutiny and reporting to the board on the adequacy of the trust's financial and other controls and management of risk.

Attendance at Audit committee meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mr M Hawker (Chair of Audit Committee)	3	3
Mrs J Morgan (Chief Executive)	3	3
Mr D Phipps (Resigned 30 April 2019)	2	2
Mr J Rouse (Chair of Trustees)	3	3

Review of value for money

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

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Shaw Education Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts.

THE SHAW EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts. The board of trustees regularly reviews this process.

The risk and control framework

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

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

The board of trustees has considered the need for a specific internal audit function and has appointed Mitten Clarke and Deans Limited for separate elements of internal audit for the period from 1 September 2018 to 31 August 2019. The internal audit function is currently under review.

The auditors' role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems.

On a termly basis, the auditor reports to the board of trustees through the Finance committee on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

Review of effectiveness

As Accounting Officer, the principal has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

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

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

Approved by order of the board of trustees on 20 December 2019 and signed on its behalf by:



Mrs J Morgan
Chief Executive



Mr J Rouse
Chair

THE SHAW EDUCATION TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2019

As accounting officer of The Shaw Education Trust, I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2018.

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



Mrs J Morgan
Accounting Officer

20 December 2019

THE SHAW EDUCATION TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees (who are also the directors of The Shaw Education Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2018 to 2019 published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 20 December 2019 and signed on its behalf by:



Mr J Rouse
Chair

THE SHAW EDUCATION TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2019

Opinion

In our opinion, The Shaw Education Trust's (Group and Company) financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable Academy's (the "Academy Trust") affairs as at 31 August 2019 and of the Group's and the Academy Trust's incoming resources and application of resources, including their income and expenditure, and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law);
- have been prepared in accordance with the requirements of the Companies Act 2006;
- have been prepared in accordance with the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Group Statement of Financial Activities including Income and Expenditure Account for the year ended 31 August 2019; the Group and Company Balance Sheets as at 31 August 2019 and the Group Statement of Cash Flows for the year ended 31 August 2019; the accounting policies; and the notes to the financial statements.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

THE SHAW EDUCATION TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2019

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Trustees' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' Report for the year ended 31 August 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

As explained more fully in the Statement of Trustees' Responsibilities set out on page 19, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Group's and Academy Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Group and Academy Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditors-responsibilities. This description forms part of our auditors' report.

Use of this report

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

THE SHAW EDUCATION TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2019

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Colin Bates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
2 Glass Wharf
Bristol
BS2 0FR
Dated: 20 December 2019

The maintenance and integrity of The Shaw Education Trust's website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

THE SHAW EDUCATION TRUST

INDEPENDENT AUDITORS' REPORT ON REGULARITY TO THE TRUSTEES OF SHAW EDUCATION TRUST ('THE ACADEMY TRUST')

FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 19 November 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Shaw Education Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them, as set out in the Academies Accounts Direction 2018 to 2019.

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

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

The accounting officer is responsible, under the requirements of Shaw Education Trust's funding agreement with the Secretary of State for Education dated 26 September 2014 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them, as set out in the Accounts Direction 2018 to 2019 and Academies Financial Handbook, extant from 1 September 2018.

Approach

We conducted our limited assurance engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

THE SHAW EDUCATION TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2019

The work undertaken to draw to our conclusion includes:

Delegated authorities

Reviewing evidence of prior approval from the Secretary of State for

- write-offs over 1% of total income or £45,000 (whichever is smaller);
- acquisitions or disposals of freehold land and buildings;
- disposal of heritage assets;
- taking up a finance lease;
- taking up a leasehold on land and buildings over five years; and
- any novel and contentious payments e.g. honorarium payments.

Reviewing special payments to staff, including compromise agreements, with regard to the following:

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

Confirming that any borrowings by the academy trust (in the form of loans, overdraft facilities or finance leases) contravene section 3.4 of the Academies Financial Handbook

Transactions with connected parties

In accordance with the academy trust's internal processes and section 3.10 Academies Financial Handbook check that:

- declarations of business interests have been completed (for those in a position to influence the academy trust, including key staff) and published on the academy trust's website;
- contracts with connected parties have been procured following the academy trust's procurement and tendering process;
- where contracts are entered into or renewed on or after 7 November 2013 the academy trust has obtained statements of assurance (confirming no profit element was charged) and the academy trust has followed their internal processes in reviewing this;
- the academy has requested, under the open book arrangement, a clear demonstration that the charges do not exceed the cost of supply;
- governors who provide consultancy services to the academy are not receiving a profit for their services and the correct procurement and tendering process is being followed;
- no connected party gains from their position by receiving payments under terms that are preferential;
- if employees are providing external consultancy that the income is being received into the academy's accounts if the work was performed within the academy's normal working hours; and
- where related party transactions have been entered into after 1 April 2019, the requirements in sections 3.10.4 to 3.10.7 of the Academies Financial Handbook, for notifying ESFA and, where required, obtaining permission from ESFA, have been complied with.

THE SHAW EDUCATION TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2019

Governance

In relation to governance checking that:

- the academy trust has a minimum of three members;
- the board of trustees has met at least three times in the year. Where the board has met less than six times a year, there is a description in its governance statement, accompanying its annual accounts, how it maintained effective oversight of funds;
- new academy trusts have reviewed and developed their governance structure and composition of the board;
- there is a written scheme of delegation of the Board's financial powers that maintains robust internal controls;
- management accounts are shared with the chair of trustees monthly, with other trustees six times a year and considered by the board when it meets;
- there is a risk register in place;
- there is Board oversight of capital expenditure and funding, ensuring it is used appropriately for capital purposes;
- the academy has established an audit committee or a committee fulfilling the functions of an audit committee whose activities are underpinned by written terms of reference;
- provision for internal scrutiny is independent and objective;
- the audit committee or equivalent has received reports on the effectiveness of internal control;
- factors determining executive pay are clear and recorded;
- there are whistleblowing procedures approved by the trustees;
- minutes of the various committees, and management accounts, have been reviewed for indications of irregular transactions; and
- the board of trustees and accounting officer have given formal representations of their responsibilities.

Internal controls

In relation to controls:

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

THE SHAW EDUCATION TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2019

Procurement

In relation to procurement:

- confirming through enquiry and sample testing that the lines of delegation and the limits set both internally and by ESFA have been adhered to;
- considering whether tendering procedures have been administered through the Official Journal of the European Union (OJEU) where necessary;
- considering whether formal contracts are in place, where required;
- considering whether tendering policies have been adhered to;
- considering whether procurement activity has been in accordance with Annex 4.6 of Managing Public Money;
- checking that employees have not personally benefitted from any transaction; and
- considering whether goods and services have been procured in an open and transparent manner.

Income

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 have not been applied to the purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them, as set out in the Academies Accounts Direction 2018 to 2019.



Colin Bates

PricewaterhouseCoopers LLP

Dated: 20 December 2019

THE SHAW EDUCATION TRUST

GROUP STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2019 £'000	Total 2018 £'000
Income and endowments from:						
Donations and capital grants	3	-	303	2,987	3,290	5,572
Donations - transfer from local authority on conversion	33	229	(730)	12,667	12,166	11,813
Donations - transfer of existing academy into the trust	34	34	(3,145)	12,294	9,183	-
Charitable activities:						
- Funding for educational operations	4	427	49,533	-	49,960	35,070
- Funding for teaching school	31	-	222	-	222	149
- Funding for boarding activities	32	-	845	-	845	801
Other trading activities	5	1,576	611	-	2,187	1,135
Investments	6	11	-	-	11	-
Total		<u>2,277</u>	<u>47,639</u>	<u>27,948</u>	<u>77,864</u>	<u>54,540</u>
Expenditure on:						
Raising funds	7	1	38	-	39	-
Charitable activities:						
- Educational operations	9	1,787	51,121	3,216	56,124	40,240
- Teaching school	31	-	151	1	152	112
- Boarding activities	32	-	844	-	844	775
Total	7	<u>1,788</u>	<u>52,154</u>	<u>3,217</u>	<u>57,159</u>	<u>41,127</u>
Net income/(expenditure)		489	(4,515)	24,731	20,705	13,413
Transfers between funds	21	(829)	(218)	1,047	-	-
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes	23	-	(8,703)	-	(8,703)	4,589
Net movement in funds		(340)	(13,436)	25,778	12,002	18,002
Reconciliation of funds						
Total funds brought forward		<u>3,673</u>	<u>(17,392)</u>	<u>102,313</u>	<u>88,594</u>	<u>70,592</u>
Total funds carried forward		<u>3,333</u>	<u>(30,828)</u>	<u>128,091</u>	<u>100,596</u>	<u>88,594</u>

THE SHAW EDUCATION TRUST

GROUP STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information Year ended 31 August 2018	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2018 £'000
Income and endowments from:					
Donations and capital grants	3	55	796	4,721	5,572
Donations - transfer from local authority on conversion		1,453	(875)	11,235	11,813
Charitable activities:					
- Funding for educational operations	4	347	34,723	-	35,070
- Funding for teaching school	31	28	121	-	149
- Funding for boarding activities	32	-	801	-	801
Other trading activities	5	1,112	23	-	1,135
Total		<u>2,995</u>	<u>35,589</u>	<u>15,956</u>	<u>54,540</u>
Expenditure on:					
Charitable activities:					
- Educational operations	9	-	37,500	2,740	40,240
- Teaching school	31	-	112	-	112
- Boarding activities	32	-	775	-	775
Total	7	<u>-</u>	<u>38,387</u>	<u>2,740</u>	<u>41,127</u>
Net income/(expenditure)		2,995	(2,798)	13,216	13,413
Transfers between funds	21	(2,275)	1,952	323	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	23	-	4,589	-	4,589
Net movement in funds		720	3,743	13,539	18,002
Reconciliation of funds					
Total funds brought forward		<u>2,953</u>	<u>(21,135)</u>	<u>88,774</u>	<u>70,592</u>
Total funds carried forward		<u>3,673</u>	<u>(17,392)</u>	<u>102,313</u>	<u>88,594</u>

THE SHAW EDUCATION TRUST
GROUP AND COMPANY BALANCE SHEETS
AS AT 31 AUGUST 2019

	Notes	2019		2018	
		Group £'000	Company £'000	Group £'000	Company £'000
Fixed assets					
Intangible assets	13	33	33	52	52
Tangible assets	14	127,640	127,601	101,189	101,189
		<u>127,673</u>	<u>127,634</u>	<u>101,241</u>	<u>101,241</u>
Current assets					
Debtors	16	4,467	4,274	3,913	3,913
Cash at bank and in hand		6,343	5,956	5,291	5,291
		<u>10,810</u>	<u>10,230</u>	<u>9,204</u>	<u>9,204</u>
Current liabilities					
Creditors: amounts falling due within one year	17	(4,284)	(3,873)	(3,377)	(3,377)
Net current assets		<u>6,526</u>	<u>6,357</u>	<u>5,827</u>	<u>5,827</u>
Total assets less current liabilities		134,199	133,991	107,068	107,068
Creditors: amounts falling due after more than one year	18	(541)	(541)	(46)	(46)
Net assets excluding pension liability		<u>133,658</u>	<u>133,450</u>	<u>107,022</u>	<u>107,022</u>
Defined benefit pension scheme liability	23	(33,062)	(33,062)	(18,428)	(18,428)
Net assets		<u>100,596</u>	<u>100,388</u>	<u>88,594</u>	<u>88,594</u>
Funds of the academy trust:					
Restricted funds	21				
- Fixed asset funds		128,091	115,754	102,313	102,313
- Restricted income funds		2,234	2,120	1,036	1,036
- Pension reserve		(33,062)	(33,062)	(18,428)	(18,428)
Total restricted funds		<u>97,263</u>	<u>84,812</u>	<u>84,921</u>	<u>84,921</u>
Unrestricted income funds	21	<u>3,333</u>	<u>15,576</u>	<u>3,673</u>	<u>3,673</u>
Total funds		<u>100,596</u>	<u>100,388</u>	<u>88,594</u>	<u>88,594</u>

The accounts on pages 27 to 67 were approved by the trustees and authorised for issue on 20 December 2019 and are signed on their behalf by:



.....
Mr J Rouse
Chair

Company Number 09067175

THE SHAW EDUCATION TRUST
GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	24	1,963	(126)
Cash funds transferred on conversion/rebrokerage		263	1,453
		<u>2,226</u>	<u>1,327</u>
Cash flows from investing activities			
Dividends, interest and rents from investments		11	-
Capital grants from DfE Group		2,936	4,721
Capital funding received from sponsors and others		51	-
Purchase of intangible fixed assets		(3)	(51)
Purchase of tangible fixed assets		<u>(4,683)</u>	<u>(5,221)</u>
Net cash used in investing activities		(1,688)	(551)
Cash flows from financing activities			
New other loan		561	16
Repayment of other loan		<u>(47)</u>	<u>-</u>
Net cash provided by financing activities		514	16
Net increase in cash and cash equivalents in the reporting period		1,052	792
Cash and cash equivalents at beginning of the year		<u>5,291</u>	<u>4,499</u>
Cash and cash equivalents at end of the year		<u><u>6,343</u></u>	<u><u>5,291</u></u>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

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

1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

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

1.3 Conversion to an academy trust

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

The assets and liabilities transferred on conversion from Brookfields Special School and Tottington High School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion. Further details of the transaction are set out in note 33.

1.4 Income

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

Grants

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

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

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

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

Sponsorship income

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

Donations

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

Other income

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

Donated goods, facilities and services

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

Donated fixed assets

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

Transfer of assets on conversion

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred net assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. Income equal to the net assets transferred on conversion is recognised within donations and capital grant income.

1.5 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

Expenditure on raising funds

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

Charitable activities

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

1.6 Intangible fixed assets and amortisation

Intangible assets costing £3,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software 4 years

1.7 Tangible fixed assets and depreciation

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

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

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

Freehold and Leasehold buildings	50 years
Leasehold land	125 years
Building improvements	10 years
Computer equipment	4 years
Furniture and equipment	4 years
Motor vehicles	4 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

1.8 Liabilities

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

1.9 Leased assets

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

1.10 Financial instruments

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

Financial assets

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

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

Financial liabilities

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

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

1.11 Taxation

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

1.12 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.13 Fund accounting

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

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

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

1.14 Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The academy trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 30.

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

2 Critical accounting estimates and areas of judgement

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The Trustees have considered the allocation of depreciation between direct and support costs. The building and equipment are almost entirely used for the provision of education, and only an insignificant part is used for support services. Therefore it has been considered appropriate to allocate all depreciation costs to direct costs.

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Capital grants	-	2,987	2,987	4,721
Other donations	-	303	303	851
	<hr/>	<hr/>	<hr/>	<hr/>
	-	3,290	3,290	5,572
	<hr/>	<hr/>	<hr/>	<hr/>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	37,406	37,406	27,306
Start up grants	-	392	392	30
Other DfE group grants	-	5,137	5,137	2,084
National College grants	-	21	21	-
	<u>-</u>	<u>42,956</u>	<u>42,956</u>	<u>29,420</u>
Other government grants				
Local authority grants	-	6,577	6,577	4,330
	<u>-</u>	<u>6,577</u>	<u>6,577</u>	<u>4,330</u>
Other funding				
Teaching school income	-	222	222	149
Boarding activities	-	845	845	801
Other incoming resources	427	-	427	1,320
	<u>427</u>	<u>1,067</u>	<u>1,494</u>	<u>2,270</u>
Total funding	<u>427</u>	<u>50,600</u>	<u>51,027</u>	<u>36,020</u>

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Hire of facilities	160	-	160	142
Catering income	34	-	34	21
Music Services	11	-	11	15
Parental contributions	315	360	675	-
Sales of Goods/Services	-	-	-	821
Other income	1,056	251	1,307	136
	<u>1,576</u>	<u>611</u>	<u>2,187</u>	<u>1,135</u>

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Short term deposits	<u>11</u>	<u>-</u>	<u>11</u>	<u>-</u>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

7 Expenditure

	Staff costs £'000	Non Pay Expenditure		Total 2019 £'000	Total 2018 £'000
		Premises £'000	Other £'000		
Expenditure on raising funds					
- Direct costs	-	-	39	39	-
Academy's educational operations					
- Direct costs	34,070	3,216	2,986	40,272	30,020
- Allocated support costs	8,765	3,256	3,831	15,852	10,220
Teaching school					
- Direct costs	(10)	1	55	46	97
- Allocated support costs	103	-	3	106	14
Boarding activities					
- Direct costs	105	-	37	142	105
- Allocated support costs	536	114	52	702	671
	<u>43,569</u>	<u>6,587</u>	<u>7,003</u>	<u>57,159</u>	<u>41,127</u>

Net income/(expenditure) for the year includes:

	2019 £'000	2018 £'000
Fees payable to auditor for:		
- Audit	62	43
- Other services	29	-
Operating lease rentals	177	-
Depreciation of tangible fixed assets	3,198	2,622
Amortisation of intangible fixed assets	19	15
Net interest on defined benefit pension liability	621	534
	<u>621</u>	<u>534</u>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

8 Central services

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

- School Improvement Support
- Marketing / Academy Promotion
- Website development
- Strategic network management support
- Special Academies Finance Manager
- External Audit management and fees
- Internal Audit management and fees
- Teacher's Pension audit management and fees
- Accountancy Fees (relating to consolidation of accounts – monthly and annual)
- ESFA financial returns
- Actuarial valuations
- Bank Charges
- Financial software licenses
- Land and buildings valuations
- HR compliance support
- Payroll and pension administration support
- Union facilities time
- Facilities and Estates support
- Building condition surveys
- Statutory Compliance service level agreements
- ESFA Risk Protection Arrangement
- Minibus Insurance
- Engineering Inspection Insurance
- ICO Compliance
- SIMS Annual License Costs (not support costs)
- SET salaries
- Data management software
- Group purchasing arrangements / Contract negotiations
- Quality Assurance framework
- Policy and Standards Management
- CPD courses and training programmes including: Senior leaders; Middle leaders; Teachers and Teaching Assistants
- Headteacher support
- Governance support and links
- KS3 graduation

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

8 Central services

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

For the financial year 2018/19 The Shaw Education Trust will retain the following percentage of a constituent academies GAG funding:

- 3% for mainstream academies rated good and outstanding by Ofsted
- 5% for mainstream academies rated requiring improvement and special measures by Ofsted
- 5% for special academies
- 5% for all academies joining the trust in 2018/19

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

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

The amounts charged during the year were as follows:

	2019	2018
	£'000	£'000
Blackfriars Academy	43	93
Coppice Academy	44	45
Walton Hall Academy	68	61
Wolstanton High School	117	119
Saxon Hill Community School	48	47
Great Barr High School	287	286
Meadows Primary	12	10
Madeley High School	87	86
Seabridge Primary School	44	43
Castlebrook High School	182	182
Westleigh High School	243	21
Newfriars College	109	-
Brookfields School	37	-
Kidsgrove Secondary School	21	-
Kidsgrove Primary School	25	-
Tottington High	181	-
	<hr/>	<hr/>
	1,548	993
	<hr/> <hr/>	<hr/> <hr/>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

9 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Direct costs				
Educational operations	13	40,259	40,272	30,020
Teaching school	-	46	46	97
Boarding activities	-	142	142	105
Support costs				
Educational operations	1,774	14,077	15,851	10,220
Teaching school	-	106	106	14
Boarding activities	-	702	702	671
	<u>1,787</u>	<u>55,332</u>	<u>57,119</u>	<u>41,127</u>

	Boarding £'000	Teaching school £'000	Educational operations £'000	Total 2019 £'000	Total 2018 £'000
Analysis of support costs					
Support staff costs	536	103	8,765	9,404	5,763
Technology costs	5	-	368	373	382
Premises costs	114	-	3,256	3,370	1,166
Other support costs	47	2	3,113	3,162	3,541
Governance costs	-	-	350	350	53
	<u>702</u>	<u>105</u>	<u>15,852</u>	<u>16,659</u>	<u>10,905</u>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

10 Staff

Staff costs

Staff costs during the year were:

	2019	2018
	£'000	£'000
Wages and salaries	31,414	22,649
Social security costs	3,135	2,182
Pension costs	6,803	4,994
	<hr/>	<hr/>
Staff costs	41,352	29,825
Agency staff costs	1,808	1,121
Staff restructuring costs	389	149
Staff development and other staff costs	20	-
	<hr/>	<hr/>
Total staff expenditure	43,569	31,095
	<hr/>	<hr/>

Staff restructuring costs comprise:

Redundancy payments	58	57
Severance payments	331	92
	<hr/>	<hr/>
	389	149
	<hr/>	<hr/>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £330,500 (2018: £92,006). Individually, the payments were: £47,779, £47,389, £43,813, £31,037, £22,199, £21,084, £20,000, £17,500, £15,000, £14,000, £11,000, £10,816, £9,886, £6,500, £6,158, £2,722, £1,900, £1,715.

Staff numbers

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

	2019	2018
	Number	Number
Teachers	460	334
Administration and support	951	851
Management	58	54
	<hr/>	<hr/>
	1,469	1,239
	<hr/>	<hr/>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

10 Staff

Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	22	16
£70,001 - £80,000	9	7
£80,001 - £90,000	3	4
£90,001 - £100,000	3	2
£100,001 - £110,000	1	1
£160,000 - £170,000	1	1

Key management personnel

The key management personnel of the academy trust comprise the trustees, executive leadership team and the academy principals as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £629,594 (2018: £682,015).

11 Trustees' remuneration and expenses

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as trustees.

The value of trustees' remuneration and other benefits was as follows:

Mrs J Morgan (CEO and Accounting Officer):

- Remuneration £165,000 - £170,000 (2018: £160,000 - £165,000)
- Employer's pension contributions £25,000 - £30,000 (2018: £25,000 - £30,000)

During the year, no trustees received any reimbursement of expenses (2018: £nil).

Other related party transactions involving the trustees are set out within the related parties note.

12 Trustees and officers insurance

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

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

13 Intangible fixed assets

	Group Computer software £'000	Company Computer software £'000
Cost		
At 1 September 2018	72	72
Additions	3	3
	<hr/>	<hr/>
At 31 August 2019	75	75
	<hr/>	<hr/>
Amortisation		
At 1 September 2018	20	20
Charge for year	22	22
	<hr/>	<hr/>
At 31 August 2019	42	42
	<hr/>	<hr/>
Carrying amount		
At 31 August 2019	33	33
	<hr/>	<hr/>
At 31 August 2018	52	52
	<hr/> <hr/>	<hr/> <hr/>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

14 Tangible fixed assets

	Freehold land and buildings	Leasehold land and buildings	Land & buildings improvements	Assets under construction	Group Plant and machinery	Computer equipment	Furniture and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost									
At 1 September 2018	36,527	59,939	3,406	5,379	-	375	106	42	105,774
Transfer on conversion	-	12,667	-	-	-	-	-	-	12,667
Transfer between categories	-	-	6,114	(6,114)	-	-	-	-	-
Transfer of academy into the academy trust	-	12,294	-	-	-	-	-	-	12,294
Additions	-	-	936	3,308	10	302	127	-	4,683
At 31 August 2019	36,527	84,900	10,456	2,573	10	677	233	42	135,418
Depreciation									
At 1 September 2018	1,378	2,338	632	-	-	158	58	16	4,580
Charge for the year	538	1,349	1,079	-	2	166	54	10	3,198
Impairment	-	-	-	-	-	-	-	-	-
At 31 August 2019	1,916	3,687	1,711	-	2	324	112	26	7,778
Net book value									
At 31 August 2019	34,611	81,213	8,745	2,573	8	353	121	16	127,640
At 31 August 2018	35,149	57,601	2,774	5,379	-	217	48	26	101,194

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

14 Tangible fixed assets

	Freehold land and buildings	Leasehold land and buildings	Land & buildings improvements	Company Assets under construction	Plant and machinery	Computer equipment	Furniture and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost									
At 1 September 2018	36,527	59,939	3,406	5,379	-	375	106	42	105,774
Transfer on conversion	-	12,667	-	-	-	-	-	-	12,667
Transfer between categories	-	-	6,114	(6,114)	-	-	-	-	-
Transfer of academy into the academy trust	-	12,294	-	-	-	-	-	-	12,294
Additions	-	-	924	3,308	10	284	108	-	4,634
At 31 August 2019	36,527	84,900	10,444	2,573	10	659	214	42	135,369
Depreciation									
At 1 September 2018	1,378	2,338	632	-	-	158	58	16	4,580
Charge for the year	538	1,349	1,078	-	2	161	49	10	3,187
At 31 August 2019	1,916	3,687	1,710	-	2	319	107	26	7,767
Net book value									
At 31 August 2019	34,611	81,213	8,734	2,573	8	340	107	16	127,601
At 31 August 2018	35,149	57,601	2,774	5,379	-	217	48	26	101,194

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

15 Subsidiary company

During the year the activities and net assets and reserves of the higher education college at Blackfriars Academy were transferred to Newfriars College. This is a company limited by guarantee set up and wholly controlled by the Shaw Education Trust to carry out these activities.

At the year end Newfriars College had Net Assets and Reserves of £207,933 and made a surplus during the year of £29,895

16 Debtors	2019		2018	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade debtors	460	406	1,042	1,042
VAT recoverable	1,115	1,115	-	-
Other debtors	-	-	638	638
Prepayments and accrued income	2,892	2,753	2,233	2,233
	<u>4,467</u>	<u>4,274</u>	<u>3,913</u>	<u>3,913</u>

17 Creditors: amounts falling due within one year

	2019		2018	
	Group £'000	Company £'000	Group £'000	Company £'000
Government loans	66	66	44	44
Trade creditors	579	567	1,141	1,141
Other creditors	1	3	3	3
Accruals and deferred income	3,638	3,237	2,189	2,189
	<u>4,284</u>	<u>3,873</u>	<u>3,377</u>	<u>3,377</u>

Included above are loans of £32,767 from Salix which are interest free loans due to be repaid over 8 years.

Also included above are loans of £5,000 and £28,641 from ESFA under the Condition Improvement Fund which carry an interest rate of 2.21% and 1.23% respectively are due to be repaid over 10 years.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Creditors: amounts falling due after more than one year

	2019		2018	
	Group £'000	Company £'000	Group £'000	Company £'000
Government loans	541	541	46	46
	<u>541</u>	<u>541</u>	<u>46</u>	<u>46</u>
Analysis of loans				
Not wholly repayable within five years by instalments	607	607	-	-
Wholly repayable within five years	-	-	90	90
	<u>607</u>	<u>607</u>	<u>90</u>	<u>90</u>
Less: included in current liabilities	(66)	(66)	(44)	(44)
Amounts included above	<u>541</u>	<u>541</u>	<u>46</u>	<u>46</u>
Loan maturity				
Debt due in one year or less	66	66	44	44
Due in more than one year but not more than two years	71	71	46	46
Due in more than two years but not more than five years	213	213	-	-
Due in more than five years	257	257	-	-
	<u>607</u>	<u>607</u>	<u>90</u>	<u>90</u>

Included above are loans of £233,175 from Salix which are interest free loans due to be repaid over 8 years.

Also included above are loans of £45,000 and £276,245 from ESFA under the Condition Improvement Fund which carry interest rates of 2.21% and 1.23% respectively are due to be repaid over 10 years.

19 Financial instruments

	2019		2018	
	Group £'000	Company £'000	Group £'000	Company £'000
Financial assets measured at amortised cost	460	406	1,042	1,042
Financial liabilities measured at amortised cost	1,186	1,174	1,231	1,231

Financial assets measured at amortised cost comprise trade debtors.

Financial liabilities measured at amortised cost comprise trade creditors and government loans.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

20	Deferred income	2019		2018	
		Group £'000	Company £'000	Group £'000	Company £'000
	Deferred income is included within:				
	Creditors due within one year	2,252	2,019	1,706	1,706
		<u>2,252</u>	<u>2,019</u>	<u>1,706</u>	<u>1,706</u>
	Deferred income at 1 September 2018	1,706	1,706	256	256
	Released from previous years	(1,706)	(1,706)	(256)	(256)
	Resources deferred in the year	<u>2,252</u>	<u>2,019</u>	<u>1,706</u>	<u>1,706</u>
	Deferred income at 31 August 2019	<u>2,252</u>	<u>2,019</u>	<u>1,706</u>	<u>1,706</u>

Creditors includes £2,252,000 (2018: £1,706,000) of income which has been deferred into the following year due to the timing of the Trust's entitlement to the income. There are no unfulfilled conditions attached to this income at the balance sheet date.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

21 Funds

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	661	37,406	(36,130)	(128)	1,809
Start up grants	12	392	(392)	-	12
Other DfE / ESFA grants	28	5,158	(5,189)	96	93
Other government grants	55	6,577	(6,490)	-	142
Teaching school	192	222	(151)	(164)	99
Boarding activities	-	845	(844)	-	1
Other restricted funds	88	914	(902)	(22)	78
Pension reserve	(18,428)	(3,875)	(2,056)	(8,703)	(33,062)
	<u>(17,392)</u>	<u>47,639</u>	<u>(52,154)</u>	<u>(8,921)</u>	<u>(30,828)</u>
Restricted fixed asset funds					
Inherited on conversion	97,857	24,961	(1,887)	(5,107)	115,824
DfE group capital grants	4,456	2,987	(1,330)	5,118	11,231
Capital expenditure from GAG	-	-	-	1,036	1,036
	<u>102,313</u>	<u>27,948</u>	<u>(3,217)</u>	<u>1,047</u>	<u>128,091</u>
Total restricted funds	<u>84,921</u>	<u>75,587</u>	<u>(55,371)</u>	<u>(7,874)</u>	<u>97,263</u>
Unrestricted funds					
General funds	<u>3,673</u>	<u>2,277</u>	<u>(1,788)</u>	<u>(829)</u>	<u>3,333</u>
Total funds	<u>88,594</u>	<u>77,864</u>	<u>(57,159)</u>	<u>(8,703)</u>	<u>100,596</u>

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

Restricted General Funds

These comprise all restricted funds other than restricted fixed asset funds and include grants from The Education and Skills Funding Agency and local authorities.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

Unrestricted Funds

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

Restricted Fixed Asset Funds

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

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

21 Funds

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	(1,080)	27,306	(27,234)	1,669	661
Start up grants	54	30	(8)	(64)	12
Other DfE / ESFA grants	112	2,084	(2,010)	(62)	124
Other government grants	-	4,330	(4,192)	13	151
Boarding activities	(23)	801	(791)	13	-
Other restricted funds	518	1,913	(2,726)	383	88
Pension reserve	(20,716)	(875)	(1,426)	4,589	(18,428)
	<u>(21,135)</u>	<u>35,589</u>	<u>(38,387)</u>	<u>6,541</u>	<u>(17,392)</u>
Restricted fixed asset funds					
Transfer on conversion	85,451	15,956	(2,130)	(1,420)	97,857
DfE group capital grants	3,082	-	(589)	1,963	4,456
Capital expenditure from GAG	161	-	-	(161)	-
Private sector capital sponsorship	80	-	(21)	(59)	-
	<u>88,774</u>	<u>15,956</u>	<u>(2,740)</u>	<u>323</u>	<u>102,313</u>
Total restricted funds	<u>67,639</u>	<u>51,545</u>	<u>(41,127)</u>	<u>6,864</u>	<u>84,921</u>
Unrestricted funds					
General funds	2,953	2,995	-	(2,275)	3,673
Total funds	<u>70,592</u>	<u>54,540</u>	<u>(41,127)</u>	<u>4,589</u>	<u>88,594</u>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

21 Funds

Total funds analysis by academy

	2019	2018
	£'000	£'000
Fund balances at 31 August 2019 were allocated as follows:		
Blackfriars Academy	228	486
Coppice Academy	622	386
Walton Hall Academy	693	395
Wolstanton High School	531	497
Saxon Hill Community School	153	172
Great Barr High School	611	816
Meadows Primary	12	23
Madeley High School	(174)	(187)
Seabridge Primary School	471	507
Castlebrook High School	285	133
Westleigh High School	1,339	1,456
Newfriars College	166	-
Brookfields School	224	-
Kidsgrove Secondary School	76	-
Kidsgrove Primary School	42	-
Tottington High	288	-
Central services	-	25
	<hr/>	<hr/>
Total before fixed assets fund and pension reserve	5,567	4,709
Restricted fixed asset fund	128,091	102,313
Pension reserve	(33,062)	(18,428)
	<hr/>	<hr/>
Total funds	<u>100,596</u>	<u>88,594</u>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

21 Funds

Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2019	Total 2018
	£'000	£'000	£'000	£'000	£'000	£'000
Blackfriars Academy	1,171	511	99	253	2,034	4,162
Coppice Academy	863	208	43	159	1,273	1,230
Walton Hall Academy	1,306	871	104	430	2,711	2,389
Wolstanton High School	2,866	636	353	390	4,245	4,072
Saxon Hill Community School	1,593	847	58	359	2,857	2,438
Great Barr High School	6,790	2,046	716	1,299	10,851	10,448
Meadows Primary	338	80	26	77	521	438
Madeley High School	2,385	459	182	290	3,316	3,113
Seabridge Primary School	1,620	384	322	502	2,828	2,551
Castlebrook High School	2,628	316	283	649	3,876	4,175
Westleigh High School	3,589	998	392	645	5,624	328
Newfriars College	1,867	392	90	517	2,866	-
Brookfields School	1,284	310	63	164	1,821	-
Kidsgrove Secondary School	1,532	342	95	240	2,209	-
Kidsgrove Primary School	554	148	48	112	862	-
Tottington High	2,712	423	191	452	3,778	-
Central services	1,069	435	78	687	2,269	3,046
	<u>34,167</u>	<u>9,406</u>	<u>3,143</u>	<u>7,225</u>	<u>53,941</u>	<u>38,390</u>

22 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2019 are represented by:				
Intangible fixed assets	-	-	33	33
Tangible fixed assets	-	-	127,640	127,640
Current assets	3,333	6,452	1,025	10,810
Creditors falling due within one year	-	(4,218)	(66)	(4,284)
Creditors falling due after one year	-	-	(541)	(541)
Defined benefit pension liability	-	(33,062)	-	(33,062)
Total net assets	<u>3,333</u>	<u>(30,828)</u>	<u>128,091</u>	<u>100,596</u>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

22 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2018 are represented by:				
Intangible fixed assets	-	-	51	51
Tangible fixed assets	-	-	101,190	101,190
Current assets	3,673	4,459	1,072	9,204
Creditors falling due within one year	-	(3,377)	-	(3,377)
Creditors falling due after one year	-	(46)	-	(46)
Provisions for liabilities	-	(18,428)	-	(18,428)
Total net assets	3,673	(17,392)	102,313	88,594

23 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hymans Robertson LLP. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £Nil (2018: £Nil) were payable to the schemes at 31 August 2019 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

23 Pension and similar obligations

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £3,113,869 (2018: £2,149,483).

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

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

Local Government Pension Scheme

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

As described in note 33 the LGPS obligation relates to the employees of the academy trust, being the employees transferred as part of the conversion from the maintained school and new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

Total contributions made	2019	2018
	£'000	£'000
Employer's contributions	2,714	2,360
Employees' contributions	635	469
	<hr/>	<hr/>
Total contributions	3,349	2,829
	<hr/> <hr/>	<hr/> <hr/>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

23 Pension and similar obligations

Staffordshire Pension Fund

Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	2.7	2.7
Rate of increase for pensions in payment/inflation	2.3	2.3
Discount rate for scheme liabilities	1.9	2.8
Inflation assumption (CPI)	2.3	2.3

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

	2019 Years	2018 Years
Retiring today		
- Males	21.1	22.1
- Females	22.2	24.4
Retiring in 20 years		
- Males	23.5	24.1
- Females	24.8	26.4

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

23 Pension and similar obligations

Greater Manchester pension fund

Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	2.7	3.1
Rate of increase for pensions in payment/inflation	2.3	2.3
Discount rate for scheme liabilities	1.9	2.8
Inflation assumption (CPI)	2.3	2.3

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

	2019 Years	2018 Years
Retiring today		
- Males	20.6	21.5
- Females	23.1	24.1
Retiring in 20 years		
- Males	22.0	23.7
- Females	24.8	26.2

West Midlands Pension Fund

Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	3.70	3.80
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.90	2.65
Inflation assumption (CPI)	2.20	2.30

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

	2019 Years	2018 Years
Retiring today		
- Males	20.9	21.9
- Females	23.2	24.4
Retiring in 20 years		
- Males	22.6	24.1
- Females	24.1	26.7

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

23 Pension and similar obligations

Cheshire Pension Fund

Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	2.6	N/A
Rate of increase for pensions in payment/inflation	2.3	N/A
Discount rate for scheme liabilities	1.9	N/A
Inflation assumption (CPI)	2.3	N/A

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

	2019 Years	2018 Years
Retiring today		
- Males	21.2	N/A
- Females	23.5	N/A
Retiring in 20 years		
- Males	22.1	N/A
- Females	25.0	N/A

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

	2019 Fair value £'000	2018 Fair value £'000
Equities	18,929	12,144
Bonds	6,357	3,117
Cash	988	729
Property	2,320	1,378
Other assets	364	226
Total market value of assets	28,958	17,594

The actual return on scheme assets was £1,670,000 (2018: £510,000)

Amount recognised in the Statement of Financial Activities

	2019 £'000	2018 £'000
Current service cost	3,819	3,217
Past service cost	330	35
Interest income	(710)	(350)
Interest cost	1,331	884
Total operating charge	4,770	3,786
Actuarial (losses)/gains	(8,703)	4,589

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

23 Pension and similar obligations

Changes in the present value of defined benefit obligations	2019	2018
	£'000	£'000
At 1 September 2018	36,023	33,053
Obligations acquired on conversion	10,492	2,643
Current service cost	3,819	3,217
Interest cost	1,331	884
Employee contributions	635	469
Actuarial loss/(gain)	9,663	(4,079)
Benefits paid	(273)	(199)
Past service cost	330	35
	<hr/>	<hr/>
At 31 August 2019	62,020	36,023
	<hr/>	<hr/>
Changes in the fair value of the academy trust's share of scheme assets	2019	2018
	£'000	£'000
At 1 September 2018	17,595	12,337
Assets acquired on conversion	6,617	1,768
Interest income	710	350
Actuarial gain	960	510
Employer contributions	2,714	2,360
Employee contributions	635	469
Benefits paid	(273)	(199)
	<hr/>	<hr/>
At 31 August 2019	28,958	17,595
	<hr/>	<hr/>
Net pension deficit	<hr/> (33,062) <hr/>	<hr/> (18,428) <hr/>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

24 Reconciliation of net income to net cash flow from operating activities

	2019	2018
	£'000	£'000
Net income for the reporting period (as per the Statement of Financial Activities)	20,705	13,413
Adjusted for:		
Net surplus on conversion to academy	(21,349)	(11,813)
Capital grants from DfE/ESFA and other capital income	(2,987)	(4,721)
Investment income receivable	(11)	-
Defined benefit pension costs less contributions payable	1,435	892
Defined benefit pension net finance cost	621	534
Depreciation of tangible fixed assets	3,198	2,637
Amortisation of intangible fixed assets	19	-
(Increase) in debtors	(555)	(1,294)
Increase in creditors	887	226
Net cash provided by/(used in) operating activities	1,963	(126)

25 Major non-cash transactions

During the year, land and buildings totalling £24,961,000 (2018: £11,235,000) were transferred to the academy trust as detailed in notes 33 and 34.

26 Commitments under operating leases

At 31 August 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019	2018
	£'000	£'000
Amounts due within one year	87	602
Amounts due in two and five years	112	166
	<u>199</u>	<u>768</u>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

27 Related party transactions

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

Connected companies

During the prior year the trust entered into transactions with a connected company Optimus Education Limited. The trust made purchases of £360 (2018: £4,199) from this company.

During the prior year the trust entered into transactions with a connected company, Prospects Services. The trust made purchases of £98,475 (2018: £19,203) from this company.

Corporate Sponsor - The Shaw Trust

In the year the following transactions took place with The Shaw Trust:

£185,000 donation from Shaw Trust to Shaw Education Trust as contribution to board and central costs (2018: £353,620).

£5,000 donation from The Shaw Trust fund raising team to Meadows Primary for Marathon fundraising

£5,000 donation from The Shaw Trust fund raising team to Madeley High School for Marathon fundraising

£5,000 donation from The Shaw Trust fund raising team to Blackfriars Academy for Marathon fundraising

£5,000 donation from The Shaw Trust fund raising team to Coppice Academy for Marathon fundraising

£5,000 donation from The Shaw Trust fund raising team to Wolstanton High School for Marathon fundraising

£5,000 donation from The Shaw Trust fund raising team to Castlebrook High school for Marathon fundraising

£5,000 donation from The Shaw Trust fund raising team to Walton Hall Academy for Marathon fundraising

£3,680 donation from The Shaw Trust fund raising team to Shaw Education Trust for Marathon fundraising

At the end of the financial year £nil (2018: £nil) was due to Shaw Education Trust from The Shaw Trust.

Related Parties - Employees & Academy Councillors

T Ahearn who is employed by the academy trust is the son of D Ahearn who is part of the academy senior management team. During the year T Ahearn received remuneration for this employment of £nil (2018: £10,000 - £15,000).

M Morrell who is employed by the academy trust is the partner of H Turner who is part of the executive leadership team. During the year M Morrell received remuneration for this employment of £nil (2018: £10,000 - £15,000).

S Johnson who is employed by the academy trust is the partner of R Millington who is part of the academy senior management team. During the year S Johnson received £35,000 - £40,000 (2018: £35,000 - £40,000).

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

27 Related party transactions

A Dalziel who is employed by the academy trust is the daughter of A Cameron who is part of the academy senior management team. During the year A Dalziel received remuneration for this employment of £35,000 - £40,000 (2018: £35,000 - £40,000).

M Hobson who is employed by the academy trust at Wolstanton High School and has a declared interest at Hammond Gosschalk. During the year the academy placed orders totalling £3,240 (2018: £1,668).

A Purcell, Chair of Governors at Seabridge Primary school is the husband of C Purcell who is employed by Seabridge Primary School. During the year C Purcell received remuneration for this employment of £10,000 - £15,000 (2018: £10,000 - £15,000).

L Davies, Governor at Seabridge Primary School is the husband of K Davies who is employed by Seabridge Primary School. During the year K Davies received remuneration for this employment of £40,000 - £45,000 (2018: £40,000 - £45,000)

In entering into these transactions, the academy trust has complied with the requirements of the Academies Financial Handbook 2018.

28 Post balance sheet events

On 1 September 2019 Streethay Primary in Lichfield Staffordshire, opened with a nursery, reception and year 1. This will gradually become a full primary from nursery to year 6.

On 1 September 2019 St Andrews School located in the Derby local authority joined the trust.

On 1 October 2019 Ivy House School also located in the Derby local authority joined the trust.

29 Members' liability

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

30 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent of the ESFA. In the accounting period ending 31 August 2019 the trust received £54,000 (2018: £65,000) and disbursed £54,000 (2018: £65,000) from the fund.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

31 Teaching school trading account	2019		2018	
	£'000	£'000	£'000	£'000
Direct income				
Government grants		79		121
Other direct income		143		28
		<u> </u>		<u> </u>
Total income		222		149
Direct costs				
Direct staff costs	(10)		66	
Depreciation	1		4	
Other direct costs	-		31	
Educational consultancy	56		-	
	<u> </u>		<u> </u>	
	47		101	
	<u> </u>		<u> </u>	
Other costs				
Support staff costs	103		13	
Transport	1		-	
Catering	1		-	
Other support costs	-		1	
	<u> </u>		<u> </u>	
	105		14	
	<u> </u>		<u> </u>	
Total expenditure		(152)		(115)
Transfers between funds excluding depreciation		(163)		-
		<u> </u>		<u> </u>
(Deficit)/surplus from all sources		(93)		34
Teaching school balances at 1 September 2018		384		158
		<u> </u>		<u> </u>
Teaching school balances at 31 August 2019		291		192
		<u> </u>		<u> </u>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

32 Boarding activities trading account	2019		2018	
	£'000	£'000	£'000	£'000
Direct income				
Fee income		4		-
Government grants		841		801
		<u> </u>		<u> </u>
Total income		845		801
Direct costs				
Direct staff costs	105		82	
Educational supplies and services	8		17	
Educational consultancy	29		-	
Other direct costs	-		6	
	<u> </u>		<u> </u>	
Total income	142		105	
	<u> </u>		<u> </u>	
Other costs				
Support staff costs	536		623	
Technology costs	5		-	
Maintenance of premises and equipment	38		31	
Cleaning	14		-	
Energy costs	48		-	
Rent and rates	14		-	
Catering	28		-	
Other support costs	19		16	
	<u> </u>		<u> </u>	
	702		670	
	<u> </u>		<u> </u>	
Total operating costs		(844)		(775)
		<u> </u>		<u> </u>
Surplus from boarding activities		1		26
		<u> </u>		<u> </u>
Boarding activities balances at 1 September 2018		-		(26)
		<u> </u>		<u> </u>
Boarding activities balances at 31 August 2019		1		-
		<u> </u>		<u> </u>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

33 Conversion to an academy

On 1 September 2018, Brookfields Special School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Shaw Education Trust from the Halton Local Authority for £nil consideration.

On 1 November 2018 Tottington High School converted to academy trust status under the Academies Act 2010 and all the operations assets and liabilities were transferred to The Shaw Education Trust from Bury Local Authority for £nil consideration:

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

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

Net assets transferred:	2019
	£'000
Leasehold land and buildings	12,667
Cash	229
Pension scheme deficit	(730)
	<u>12,166</u>

Brookfields Special School

	Unrestricted Funds £'000	Restricted funds: General Fixed asset £'000 £'000		Total 2019 £'000
Funds surplus/(deficit) transferred:				
Fixed assets funds	-	-	3,114	3,114
LA budget funds	178	-	-	178
LGPS pension funds	-	(332)	-	(332)
	<u>178</u>	<u>-</u>	<u>3,114</u>	<u>2,960</u>

Tottington High School

	Unrestricted Funds £'000	Restricted funds: General Fixed asset £'000 £'000		Total 2019 £'000
Funds surplus/(deficit) transferred:				
Fixed assets funds	-	-	9,553	9,553
LA budget funds	51	-	-	51
LGPS pension funds	-	(398)	-	(398)
	<u>51</u>	<u>-</u>	<u>9,553</u>	<u>9,206</u>

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

33 Conversion to an academy

Total

	Unrestricted Funds £'000	Restricted funds: General Fixed asset £'000 £'000		Total 2019 £'000
Funds surplus/(deficit) transferred:				
Fixed assets funds	-	-	12,667	12,667
LA budget funds	229	-	-	229
LGPS pension funds	-	(730)	-	(730)
	<u>229</u>	<u>(730)</u>	<u>12,667</u>	<u>12,166</u>

34 Transfer of existing academies into the academy trust

Kidsgrove Primary School

On 1 November 2018 Kidsgrove Primary School in the Staffordshire Local Authority transferred into The Shaw Education Trust. The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations - transfer of existing academy into the trust.

	Transfer in recognised £'000
Net assets acquired	
Leasehold land and buildings	2,835
Cash and cash equivalents	54
	<u>2,889</u>
Total net assets	<u>2,889</u>

There were no fair value adjustments required to the values reported by the transferring trust.

Kidsgrove High School

On 1 November 2018 Kidsgrove High School in the Staffordshire Local Authority transferred into The Shaw Education Trust. The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations - transfer of existing academy into the trust.

	Transfer in recognised £'000
Net assets acquired	
Leasehold land and buildings	9,459
Cash and cash equivalents	(21)
	<u>9,438</u>
Total net assets	<u>9,438</u>

There were no fair value adjustments required to the values reported by the transferring trust.

THE SHAW EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

34 Transfer of existing academies into the academy trust

Total

Net assets acquired

	Transfer in recognised £'000
Leasehold land and buildings	12,294
Cash and cash equivalents	33
Pension scheme	(3,145)
	<hr/>
Total net assets	9,182
	<hr/> <hr/>

There were no fair value adjustments required to the values reported by the transferring trust.

35 Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is considered to be The Shaw Trust.