



Mutual Societies Annual Return AR30 – Industrial and Provident Societies Act 1965 Form

Full name of society:

The Shaw Foundation Limited

Important information you should read before completing this form

We require all Industrial and Provident societies to complete this form every year.

For a society registered on or after 8 January 2012, the year of account will end on the last day of the month in which the anniversary of its registration falls, unless the society has notified us otherwise. For a society registered before 8 January 2012, the society's year of account must end between 31 August to 31 January inclusive, unless the society has notified us otherwise.

All the required information must be submitted within seven months of the year end date. Failure to submit the documents constituting your society's annual return by the due date is an offence and may result in prosecution.

Please keep a copy of the form and the supporting documents for future reference.

The notes that accompany this form will help you complete the questions.

Please be aware that any personal details you give on the form will be placed on the society's public file.

It is important you give accurate and complete information and disclose all relevant information. If you do not, it may take us longer to assess your annual return.

Terms in this form and Contents

'FCA', 'PRA', 'we' and 'us' refer to the Financial Conduct Authority or Prudential Regulation Authority.

'You' refers to the person signing the form on behalf of the society.

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| 4 | Accounts and signature | 10 |

| FCA use only | | |
|-----------------|---------------|--------------|
| | Date Received | Case Officer |
| 1st | | |
| 2 nd | | |





Mutual Societies Annual Return AR30 –Industrial and Provident Societies Act 1965

Filling in the form

1 If you are using your computer to complete the form:

- use the TAB key to move from question to question and press SHIFT TAB to move back to the previous question; and
- print out the completed form and arrange for it to be signed.

2 If you are filling in the form by hand:

- use black ink;
- write clearly; and
- arrange for it to be signed.

3 If you make a mistake, cross it out and initial the changes; do not use correction fluid.

4 If you think a question is not relevant to you, write 'not applicable' and explain why.

5 If you:

- leave a question blank;
- do not get the form signed; or
- do not attach the required supporting information

without telling us why, we will have to treat the return as incomplete. This will increase the time taken to assess your return.

6 If there is not enough space on the form, you may need to use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant question number.

7 Send us your application by post. It must include:

- this form;
- a set of printed accounts;
- an audit report or accountant's report where appropriate ; and
- supporting documents.

Send to:

**Mutuals Team
Financial Conduct Authority
25 The North Colonnade
Canary Wharf
LONDON
E14 5H2**

1

Details of society

1.1 Details of the society

| | |
|---------------------------|---|
| Register number | 25164R |
| Registered office address | 1 Links Court, Links Business Park, St Mellons, Cardiff |
| Postcode | CF3 0LT |

1.2 Year end date (dd/mm/yyyy)

See Note 1.2

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 3 | 1 | / | 0 | 3 | / | 2 | 0 | 1 | 3 |
|---|---|---|---|---|---|---|---|---|---|

Committee of management

If you are a club you do not need to give a year of birth in questions 1.3-1.6.

The names of the members of the Committee at the date on which the return is signed should be entered below in BLOCK CAPITALS.

1.3 Details of Chairman

| | |
|---|---|
| Name | D P G Thomas |
| Address | 72 Station Road Llanishen Cardiff |
| Postcode | CF14 5UT |
| Year of birth | 1940 |
| Business occupation and other directorships | Chartered Accountant (Retired) |

1.4 Details of Treasurer

| | |
|---|--|
| Name | A Thomas |
| Address | Meadowsite Lodge Penyturnpike Road Dinas Powys |
| Postcode | CF64 4HF |
| Year of birth | 1941 |
| Business occupation and other directorships | Chartered Accountant (Retired) |

1.5 Details of Secretary

| | |
|---|--|
| Name | J Nixey |
| Address | High Knowle Vine Acre Monmouth |
| Postcode | NP25 3HW |
| Year of birth | 1942 |
| Business occupation and other directorships | Chief Executive Shaw healthcare (Group) Limited |

1.6 Details of Members of the Committee

| Name | Address | Year of birth | Business occupation and other directorships |
|----------------|--|---------------|---|
| Mrs T Mearing | 5 Masters Close Bexton Road Knutsford WA16 0BF | 1927 | Teacher (Retired) |
| Mr K Miller | 1 Masters Close Bexton Road Knutsford WA16 0BF | 1950 | Director of Social Services (Retired) |
| Mrs F Cloud | Waen Farm Cross Ash Abergavenny NP7 8PW | 1964 | Healthcare Analyst |
| Mr S MacSorley | 17 Rushy Way Emersons Green Bristol BS16 7ER | 1964 | Property Consultant |
| Mrs H Black | Adswood Townfield Lane Mollington Cheshire CH1 6LB | 1947 | Social Care Consultant (Retired) |
| | | yyyy | |

Please use separate sheets of paper if you need more space.

Please indicate how many separate sheets of paper you have used.

All societies must answer the following questions whether the answers are yes or no, and provide all other information requested

1.7 Does the society take deposits (excluding withdrawable shares) within the provisions of the Financial Services and Markets Act 2000?

- ☒ No
☐ Yes

1.8 Does the society hold deposits (excluding withdrawable shares) taken previously, even though it does not currently take them, within the provisions of the Financial Services and Markets Act 2000?

- ☒ No
☐ Yes

1.9 Is the society a subsidiary of another society?

- ☒ No
☐ Yes

1.10 Does the society have one or more subsidiaries?

- ☒ No
☐ Yes

1.11 Is the society currently accepted by the Inland Revenue as a charity for tax purposes?

- ☐ No ▶ Continue to question 1.12
☒ Yes ▶ Give details below

Reference number of letter from Inland Revenue or the Scottish Charity number

X066/94/RDY

You must confirm that you have attached a copy of the Inland Revenue's letter to this return ☒ Yes

1.12 Is the society registered with the Homes and Communities Agency, Welsh Ministers or The Scottish Housing Regulator?

- ☒ No ▶ Continue to question 1.14
☐ Yes ▶ Select the one you are registered with below and provide the registration number
- ☐ Homes and Communities Agency
☐ Welsh Ministers
☐ The Scottish Housing Regulator

Register number

1.13 Is the society a registered social landlord?

- ☒ No
☐ Yes

1.14 Does the society offer any insurance products?

- ☒ No
☐ Yes

1.15 Does the society undertake residential mortgage business?

- ☒ No
☐ Yes

1.16 Name of any organisation to which the society is affiliated

Name None

Benefit of the community societies

- 1.17 As once completed this return will be placed on the society's public file, benefit of the community societies are welcome to use the space below to provide a report for all those who may have an interest in the society. If provided, this report should cover the activities of the society during the financial period covered by the return and should set out how these activities have brought benefit to the community.

Please use separate sheets of paper if you need more space.

Please indicate how many separate sheets of paper you have used.

2

Statistics

We can use these figures in our Annual Report.

Account details

2.1 You must enter the figures below

See notes for help on items E-T. Enter NIL where applicable

| | | |
|---|--|-------------|
| A | Members at beginning of year | 8 |
| B | Members ceased during year | 0 |
| C | Members admitted during year | 1 |
| D | Members at end of year | 9 |
| E | Turnover for year | £13,367,030 |
| F | Total of income and expenditure (receipts and payments added together) | N/A |
| G | Net surplus/(deficit) for year | £796,176 |
| H | Fixed assets | £9,345,569 |
| I | Current assets | £6,532,873 |
| J | Total assets (equal to amount in row O, below) | £15,867,442 |
| K | Current liabilities | £935,626 |
| L | Share capital | 9 |
| M | Long-term liabilities | 0 |
| N | Reserves | £14,931,807 |
| O | Total liabilities, share capital & reserves (K+L+M+N) (equal to amount in J above) | £15,867,442 |
| All societies (excluding clubs) must complete boxes P-T | | |
| P | Investments in other Industrial and Provident societies | 0 |
| Q | Loans from members | 0 |
| R | Loans from Employees' Superannuation Schemes | 0 |
| S | Dividends on sales | 0 |
| T | Share interest | 0 |

2.2 Names of subsidiaries as defined in Section 15 of the Friendly and Industrial and Provident Societies Act 1968

| |
|------|
| None |
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2.3 Names of subsidiaries not dealt with in group accounts (if any) and reasons for exclusions (as approved by the FCA)

The society must have written authority from us to exclude a subsidiary from group accounts

| |
|------|
| None |
| |
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3

The audit

3.1 Type of audit used for the attached accounts.

If the society has used a full professional audit or an accountant's report then the report must be prepared by a registered auditor.

- ☒ Full professional audit ▶ Continue to section 4
- ☐ Accountant's report ▶ Complete questions 3.2 and 3.3
- ☐ Lay audit ▶ Complete questions 3.2 and 3.3
- ☐ Unaudited ▶ Complete questions 3.2 and 3.3

3.2 Do the society's registered rules allow the society not to undertake a full professional audit?

- ☒ No
- ☐ Yes

3.3 Has the membership passed at general meeting, in accordance with section 4A(2) of the Friendly and Industrial and Provident Societies Act 1968, a resolution allowing the society not to undertake a full professional audit for the year of account in question?

- ☒ No
- ☐ Yes

4 Accounts and signature

Accounts

- 4.1 Date on which the accounts and balance sheet will be/were laid before the AGM (dd/mm/yyyy)

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 0 | 4 | / | 0 | 9 | / | 2 | 0 | 1 | 3 |
|---|---|---|---|---|---|---|---|---|---|

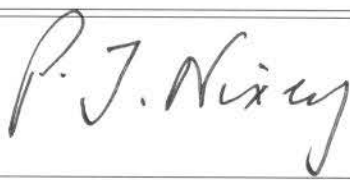
- 4.2 Has your society produced accounts to the minimum standard required?

- ☒ Yes ▶ you must confirm that you have attached the accounts and the audit/accountant's report bearing the original signatures of the auditor (if required by law), the secretary and the two committee members. ☒ Attached
- ☐ No ▶ you must produce accounts to the minimum standard required, see notes for details.

Signature – all societies to complete

- 4.3 The Secretary of the society must sign and date below

I certify that the information in this form is correct to the best of my knowledge and belief.

| | |
|--------------|--|
| Name | P J NIXEY |
| Signature |  |
| Phone number | 029 2036 5050 |
| Email | Jeremy.nixey@shaw.co.uk |
| Date | 23/09/2013 |

Financial Statements

The Shaw Foundation Limited

For the Year Ended 31 March 2013

Registered number: 25164R



Company Information

| | | |
|----------------------------|---|--|
| Directors | Philip Thomas BA, FCA (Chairman) Jeremy Nixey MA (Oxon) (Secretary) Helen Black (appointed 3 July 2012) Frances Cloud MA (Oxon), CFA Simon MacSorley ACIOB, MBIFM, SIIRSM Therese Mearing Kevin Miller Dr Elizabeth Muir MSc (Econ), Dip Ed, McInstM, MInstSM (resigned 3 July 2013) Alun Thomas BA, FCA | |
| Registered number | 25164R | |
| Registered office | 1 Links Court Links Business Park St. Mellons Cardiff CF3 0LT | |
| Auditor | Grant Thornton UK LLP Chartered Accountants & Registered Auditor 11-13 Pen-Hill Road Cardiff CF11 9UP | |
| Solicitors | Morgan Cole LLP Solicitors Bradley Court Park Place Cardiff CF10 3DP | Geldards LLP Solicitors Dumfries House Dumfries Place Cardiff CF10 3ZF |
| Bankers | Allied Irish Bank 2 Callaghan Square Cardiff CF10 5AZ | |
| Investment managers | Barclays Wealth Windsor Court 1-3 Windsor Place Cardiff CF10 3BX | |

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Report of the Committee of Management

For the Year Ended 31 March 2013

Structure, governance and management

At a special meeting held on 24 July 2012 the company's name was changed from Shaw healthcare (Homes) Limited to The Shaw Foundation Limited which would assist it in promulgating its aims which are "to fund innovations in care for vulnerable people and carers, that improves their quality of life", while acknowledging its close associations with the Shaw healthcare group.

The Shaw Foundation Limited ("the company") is registered with the Financial Conduct Authority (previously the Financial Services Authority) under the Industrial and Provident Societies Acts 1965 - 2002. Its charitable status is conferred upon it by the nature of its Rules, and as an exempt charity it is not required to be registered with the Charity Commission. As prescribed in its Rules, the company is managed by a Management Committee ("the Committee"), who are therefore its Trustees. The members of the Committee ("the Members") are given on the company information page of these Financial Statements. All the Members served throughout the financial year apart from Helen Black who was appointed on 3 July 2012. Dr Elizabeth Muir resigned on 3 July 2013.

The Committee is responsible for managing the affairs of the company. The Rules require that the Committee shall consist of between seven and fifteen members. New Members are nominated in writing, the nomination including a signed statement by the nominee of his or her willingness for election. Members are drawn from a wide background bringing together professional, commercial and other relevant experience. They are selected upon the basis of their professional expertise, and the contribution which they can make to enhance the operations of the company.

Three of the Committee's members are also members of the board of Shaw healthcare (Group) Limited ("Shaw Group"): Jeremy Nixey (Chief Executive), Alun Thomas (Chairman and non-executive director) and until 31 March 2013 and with effect from 1 April 2013 Frances Cloud and Kevin Miller respectively (non-executive directors representing the company).

New Trustees are appointed at general meetings of the Committee subject to confirmation at the next annual general meeting and the Rules contain provision for the annual automatic retirement of one third of the Committee, those retiring being the longest serving Trustees subject to re-election without nomination. Trustees may be removed from office by a resolution carried by two thirds of the votes at a special general meeting and shall be deemed to have vacated office under certain specified circumstances including bankruptcy, conviction of an indictable offence or absence from four consecutive Committee meetings without consent.

Following appointment new Trustees are provided with an induction pack which includes information on the company's background, its aims, objectives and strategy, a copy of the Rules, and a copy of the most recent Report and Financial Statements. Minutes of the Committee's previous meetings are available to all members on request.

The Rules require any Trustee who has any conflict of interest with any arrangement to be discussed by the Committee to declare this at meetings. If a Trustee fails to disclose a conflict of interest he shall vacate his office either for a period or permanently if requested to do so by a majority of the remaining Trustees at a meeting specially convened for that purpose. The Committee manages conflict of interest appropriately and ensures that the Rules are complied with in relation to payment to Trustees, details of which are included in note 7 to the financial statements. Other than where described in note 7, Trustees receive reimbursement only of reasonable expenses. All payments comply with the requirements of the Rules.

The Committee meets regularly to review its investments and is responsible for the company's strategy and policy framework. The company has contracted Shaw Group to provide administrative, secretarial, accounting and management services to the company on arm's length terms, including in respect of the operation of the company's remaining care facilities and care services agreements. Although the company remains responsible to third parties in respect of those facilities and services, the company has the benefit of an indemnity from Shaw Group in respect of any liability of the company caused by Shaw Group's acts or omissions in providing those services.

Report of the Committee of Management

For the Year Ended 31 March 2013

The Committee has four sub-committees:

- The Audit Committee meets at least twice a year and comprises the Chairman, three committee members and Richard Pugsley, the Group Financial Controller of Shaw Group. All members of the sub-committee were also members of the Audit Committee of Shaw Group. The Committee receives all reports produced by the Shaw Group external auditors and is responsible for reviewing the statutory accounts. When appropriate it will pass on recommendations for the consideration of the Committee.
- The Investment Strategy Committee (ISC) comprises Frances Cloud and Simon MacSorley and, until further notice, will meet every other month between Management Committee meetings at which they will, inter alia, make recommendations for an overall investment portfolio.
- The Proactive Charitable Strategy Committee (PCSC) comprises Helen Black and Kevin Miller and will be responsible for the allocation of the greater part of the funding made available through the activities of the ISC. Their work will, inter alia, focus on activities which encourage innovation as well as developing best practice in service delivery within health and social care.
- The Reactive Charitable Committee (RCC) comprises Richard Pugsley and Yasmine John (Business Support Administrator) and will be responsible for the allocation of the lesser part of the funding made available through the activities of the ISC.

The ISC, PCSC and RCC were established in March 2013 to assist the the Committee in formulating a strategy for investment of funds and for the charitable disposition of those funds. It was agreed that each subcommittee would consist of two members who could co-opt other Committee members or officers as appropriate.

Internal Financial Control

Report of the Committee of Management

For the Year Ended 31 March 2013

The Committee acknowledges that it has ultimate responsibility for ensuring that the company has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to the:

- reliability of financial information used within the company for publication;
- maintenance of proper accounting records; and
- safeguarding of assets against unauthorised use or disposition.

It is the Committee's responsibility to maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements include ensuring that:

- **formal policies and procedures are in place**, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the company's assets;
- **experienced and suitably qualified staff** take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- **forecasts and budgets are prepared** which allow the Committee and management to monitor the key business risks and financial objectives, and progress towards financial plans set for the year;
- **regular management accounts are prepared promptly**, providing relevant, reliable and up to date financial information and significant variances from budgets are investigated as appropriate;
- **formal authorisation procedures** are in place for all significant new initiatives, major commitments and investment projects.

The controls outlined above are administered by staff employed by Shaw Group, the cost of which is shared with the company in accordance with the Sale and Purchase Agreement and Agreement for Transition Services, both dated 3 October 2006, which are described in more detail below.

The Audit Committee reviews reports from the external auditor to provide reasonable assurance that control procedures are in place and are being followed. This includes a general view of the major risks facing the company.

On behalf of the Committee, the Audit Committee reviews the effectiveness of the system of internal financial control in existence in the company for the year ended 31 March 2013 and until the date of report. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties, which require disclosure in the financial statements or in the auditor's report on the financial statements.

Responsibility of the Committee for the Financial Statement

The Committee is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice and as an exempt charity the company seeks to comply with the Statement of Recommended Practice 2005 for charities as far as appropriate.

Legislation requires the Committee to prepare financial statements for each financial year which give a true and fair view of the company as at the end of the financial year and the income and expenditure of the company for the year ended on that date. In preparing those financial statements, suitable accounting policies have been used, framed, to the best of the Committee's knowledge and belief, by reference to reasonable and prudent judgments and estimates and applied consistently. Applicable accounting standards have been followed. The Committee is also required to indicate where the financial statements are prepared other than on the basis that the company is a going concern.

The Committee is responsible for ensuring that arrangements are made for the keeping of proper books of account with respect to the company's transactions and its assets and liabilities and for maintaining a satisfactory system of control over the company's books of account and transactions. The Committee is also responsible for ensuring that arrangements are made for safeguarding the assets of the company and hence for taking reasonable steps for

Report of the Committee of Management For the Year Ended 31 March 2013

the prevention and detection of fraud and other irregularities.

In so far as the Committee is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- it has taken all steps that it ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Objects and activities for the public benefit

The objects of the company as set out in the Rules are to carry on for the benefit of the community the business of:

- (i) providing or procuring the provision of houses or hostels or residential or nursing homes and reablement centres and intermediate care centres and any associated amenities and all associated care and welfare services for persons in necessitous circumstances upon terms appropriate to their means;
- (ii) providing or procuring the provision of, for aged, disabled, handicapped (whether mentally or physically) mentally ill or sick persons in need thereof, houses or hostels or residential or nursing homes, and reablement centres and intermediate care centres, care and welfare services and any associated amenities specially designed or adapted to meet the disabilities and requirement of such persons;
- (iii) providing or procuring the provision of services, advice or assistance upon terms appropriate to their means to aged, disabled, handicapped (whether mentally or physically), mentally ill or sick persons in need thereof in arranging or carrying out works of improvement, repair or maintenance to houses occupied by them, in arranging or carrying out care and welfare services and any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons; and
- (iv) without limitation the industry, business or trade of providing or procuring the provision of, for aged, disabled, handicapped (whether mentally or physically), mentally ill or sick persons in need thereof or persons in necessitous circumstances upon terms appropriate to their means, accommodation including housing, hospitals, health care facilities, and reablement centres and intermediate care centres associated office accommodation, associated projects, any associated amenities and welfare services subject to such activities not being incompatible with the charitable status of the association.

In essence this means the provision or procuring the provision of houses or hostels or residential or nursing homes and reablement centres, intermediate centres and any associated amenities and all associated care and welfare services for persons in necessitous circumstances.

The activities carried out by the company in furtherance of these objects during the year include:

Operation of care services

The company owned and operated Treetops Care Home, Keynsham, Bristol throughout the year. The Copse Care Home, which had been operated by the company until its closure on 4 June 2011, was sold on 30 November 2011.

The company also operated twelve care facilities on behalf of Shaw Group. The facilities were sold to Shaw Group in October 2006, but completion of the sale was deferred with the intention that these facilities be transferred to Shaw Group in the future once certain grant or lease arrangements specific to the company had elapsed. The company has already received the benefit from the sale of these assets and has transferred all operational risks and opportunities for profit or loss as part of the sale agreement.

On 3 January 2012 the Committee signed a Deed of Amendment (the Deed) varying the original terms of the Business Transfer Agreement between the company and Shaw Group in respect of the clauses relating to the non-owned assets. The effect of the Deed was to classify the non-owned assets as either "ten-year assets" – being those facilities that are expected to transfer to Shaw Group in the future as originally intended – or "trust assets" – being those facilities which, for legal and commercial reasons, are not expected to transfer but which, while operational, will continue to be run by the company under existing arrangements with risks and opportunities passing to Shaw Group as described above.

Report of the Committee of Management

For the Year Ended 31 March 2013

The accounting policies in respect of these facilities are described in note 1 to the financial statements.

Pear Tree Lodge and Gorstyfield Nursing Home, both non-owned trust assets, closed on 31 March 2013.

Object-related loans

In previous financial years the company has made the following loans designed to further the objects of the company in that they are made in order to procure the provision of care services for the public benefit:

- a loan to Surehaven Glasgow Limited, a wholly owned subsidiary of Shaw Group. The loan balance at 31 March 2013 was £1,869,546 (including interest) (2012: £1,726,775). This 16-year loan together with a 15-year loan from Santander has enabled Surehaven Glasgow Limited to develop a 17-bed low-secure hospital at Drumchapel in Glasgow. The hospital, which opened in June 2010, is registered to accept men and women aged 18-65 who have a primary condition of mental illness. The scheme is operated in close association with the NHS in Scotland, the State Hospital and all fourteen Scottish Health Boards.
- On 5 November 2012 the company agreed to extend until 30 September 2013 its agreement with Shaw Group which conferred on the latter the option to purchase Homefield House, a property which was acquired by the company in 2007. The consideration for the purchase was fixed in the original agreement at £1,560,000, of which £312,000 was paid at the time of entering into the agreement. Under the same agreement, if the option expires without being exercised then the company may require Shaw Group to purchase Homefield House for the same consideration within 30 days of the option period described above. These remain outstanding and the Committee believes they continue to further the objects for the public benefit. The company receives income from these loans which is available to be applied for the objects.

Report of the Committee of Management

For the Year Ended 31 March 2013

Grants

Grant making is and will be an important element of the company's activities. Only one grant for £38,530 was made during the year to the Vassall Centre Trust to help fund a new national project that will support disabled jobseekers and disabled people in employment throughout the UK.

The process was a steep learning curve and the experience gained underlined the need for robust guidelines and monitoring procedures to be in place before making any further such grants; hence the establishment of the three aforementioned new subcommittees.

Further acquisitions

Whilst during the current financial year there have been no further acquisitions, it is intended that the company may take short- or long-term interests in residential properties conveyed to the company by gift or loan thereby securing or helping to secure the health or social care of someone who needs or is expected to need care.

Risk Management

The Trustees consider the major risks to which the company is exposed and review those risks and established systems and procedures for managing those risks. The following business risks have been identified:

Investments

The majority of the company's assets relate to its investment in Shaw Group. The Committee is aware that this lack of diversity constitutes a risk. However, this risk is kept under regular review. The company is mindful of equal opportunities, health and safety and employee involvement considerations when reviewing this risk.

The company owns 26% (2012: 30%) of Shaw Group and nominates one of the Trustees to that board. Through membership of the board and its significant share ownership the company has influence on the direction of Shaw Group's activities and close scrutiny of how these are conducted. The 4% reduction in the company's shareholding in Shaw Group is described in more detail in note 12 to the financial statements.

As reported last year the company also has invested in a portfolio of bonds, equities, cash and other assets which are managed by Barclays Wealth.

Interest receivable and investment income increased to £1,004,070 (2012: £622,470) as shown in note 9 to the financial statements.

On 1 May 2012 the committee agreed to take over a £4,126,293 investment as sub-debt provider to two Shaw Group projects from the Kodak Pension Fund, as described in note 13 to the financial statements.

Business risks

Of the 13 facilities operated by the company during the year, 12 are operated on behalf of Shaw Group as described on page 4. As such, the financial risks and rewards of operating these services rest with Shaw Group. This, to a large extent, shelters the company from risk, although risks are not entirely mitigated due to the company's stake in Shaw Group in the form of shares and loans.

The company's core activities include making loans on properties related to the provision of healthcare services and to make grants to promote healthcare services and businesses. While carrying out these activities the company must consider and mitigate its risks as far as possible, both when making investment decisions and, subsequently, when monitoring and appraising investment decisions in relation to the company's strategic goals.

The Committee aims to develop continuously its awareness and understanding of business risk – through the sharing of the diverse knowledge and experience possessed by its members, external research, its close relationship with Shaw Group (albeit within a framework of independent operation informed by legal advice), and, where appropriate, by seeking expert training and advice.

Report of the Committee of Management

For the Year Ended 31 March 2013

Disabled Employees and Equal Opportunities

The company operates a policy of equal opportunities for employment which includes disabled employees. This policy gives full and fair consideration to applications for employment by the company made by disabled persons, having regard to their particular aptitude and abilities, for continuing the employment of, and for arranging appropriate training for, employees of the company who have become disabled persons during the period when they were employed by the company and otherwise for the training, career development and promotion of disabled persons employed by the company.

The Committee is mindful of its responsibility to keep up to date with emerging equal opportunities legislation.

Employee involvement

During the financial year the company took action to develop arrangements aimed at improving and enhancing employee involvement by:

- the systematic provision of information on matters of concern;
- regular consultation with them or their representatives so that their views can be taken into account re decision making;
- ensuring that all reasonable steps were taken to make all employees aware of the financial and economic factors.

Reserves Policy Statement

Each of the persons who are directors at the time when this Report of the Committee of Management is approved has confirmed that:

Going Concern

The Trustees' intention, year on year, is to preserve net asset value to levels which, as a minimum, match the rate of inflation, thereby maintaining reserves at levels which will allow them to fulfil the objects and activities described above.

This report was approved by the board on 3 July 2013 and signed on its behalf.



Philip Thomas
Chairman

Independent Auditor's Report to the Members of The Shaw Foundation Limited

We have audited the financial statements of The Shaw Foundation Limited for the year ended 31 March 2013, which comprise the income and expenditure account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with regulations made under Section 9 and 13 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board and the auditor

As explained more fully in the Responsibilities of the Committee for the Financial Statements, the Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002.



Independent Auditor's Report to the Members of The Shaw Foundation Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

A handwritten signature in cursive script that reads "Grant Thornton UK LLP".

Rhian Owen

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants & Registered Auditor

3 July 2013

Income and Expenditure Account

For the Year Ended 31 March 2013

| | Note | 2013 £ | 2012 £ |
|---|------|---------------------|---------------------|
| Income | 1,2 | 13,367,030 | 13,948,302 |
| Direct expenses | 3 | <u>(13,318,255)</u> | <u>(13,832,790)</u> |
| Gross surplus | | 48,775 | 115,512 |
| Other operating expenses | 4 | (193,260) | (398,330) |
| Other operating income | 5 | <u>-</u> | <u>130,000</u> |
| Operating deficit | | (144,485) | (152,818) |
| Interest receivable and income from investments | 9 | 1,004,070 | 622,470 |
| Interest payable and similar charges | 10 | <u>(63,409)</u> | <u>(79,985)</u> |
| Surplus for the financial year | 18 | 796,176 | 389,667 |
| Transfer from designated reserves | | <u>-</u> | <u>-</u> |
| Retained surplus for the financial year | 18 | 796,176 | 389,667 |

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Income and Expenditure Account.

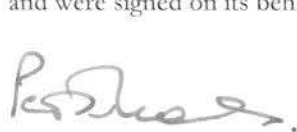
The notes on pages 13 to 25 form part of these financial statements.

Balance Sheet

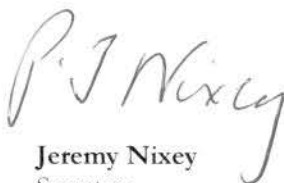
As at 31 March 2013

| | Note | £ | 2013 £ | 2012 As restated £ |
|---|------|------------------|-------------------|--------------------------|
| Fixed assets | | | | |
| Tangible assets | 11 | | 1,575,069 | 1,581,020 |
| Investments | 12 | | 7,770,500 | 9,672,500 |
| | | | <u>9,345,569</u> | <u>11,253,520</u> |
| Current assets | | | | |
| Debtors | 13 | 6,213,409 | | 1,906,910 |
| Investments | 14 | - | | 1,000,000 |
| Cash at bank | | 308,464 | | 951,259 |
| | | <u>6,521,873</u> | | <u>3,858,169</u> |
| Creditors: amounts falling due within one year | 16 | (935,626) | | (976,050) |
| Net current assets | | | <u>5,586,247</u> | <u>2,882,119</u> |
| Net assets | | | <u>14,931,816</u> | <u>14,135,639</u> |
| Funds | | | | |
| Called up share capital | 17 | | 9 | 8 |
| Revenue reserve | 18 | | 14,931,807 | 14,135,631 |
| Shareholders' funds | | | <u>14,931,816</u> | <u>14,135,639</u> |

The financial statements were approved and authorised for issue by the Committee of Management on 3 July 2013 and were signed on its behalf by:



Philip Thomas
Chairman



Jeremy Nixey
Secretary



Alun Thomas
Committee Member

The notes on pages 13 to 25 form part of these financial statements.

Cash Flow Statement

For the Year Ended 31 March 2013

| | | 2013 | 2012 |
|---|------|------------------|--------------------|
| | Note | £ | As restated £ |
| Net cash outflow from operating activities | 20 | (421,596) | (877,847) |
| Returns on investments and servicing of finance | 21 | 940,661 | 542,485 |
| Capital expenditure and financial investment | 21 | (1,161,861) | (890,629) |
| Cash outflow before financing | | (642,796) | (1,225,991) |
| Financing | 21 | 1 | 1 |
| Decrease in cash in the year | | (642,795) | (1,225,990) |

Reconciliation of Net Cash Flow to Movement in Net Funds

For the Year Ended 31 March 2013

| | 2013 | 2012 |
|--|------------------|--------------------|
| | £ | As restated £ |
| Decrease in cash in the year | (642,795) | (1,225,990) |
| Movement in net funds in the year | (642,795) | (1,225,990) |
| Net funds at 1 April | 951,259 | 2,177,249 |
| Net funds at 31 March | 308,464 | 951,259 |

The notes on pages 13 to 25 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 March 2013

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 - 2002 and in accordance with the applicable Accounting Standards in the United Kingdom.

The financial statements have been prepared under the historical cost convention.

1.2 Revenue recognition

There are two primary sources of income:

Owned assets

Revenue relating to owned assets represents income received from services provided to customers in the health and social care sector. Revenue is recognised, as earned, through the provision of contracted services. Revenue is recognised in the accounting period in which the service is provided.

Non-owned assets

Non-owned assets are classified as either “ten year assets” – being those facilities that are expected to transfer to Shaw Group in the future – or “trust assets” – being those facilities which are not expected to transfer. Revenue relating to non-owned assets represents income received as an agent on behalf of Shaw Group as disclosed in note 2.

The expenditure relating to these non-owned assets is recognised within the Income and Expenditure Account, as disclosed in notes: 3 “Direct expenses”; 4 “Other operating expenses”; 8 “Staff costs” and 10 “Interest payable and similar charges”.

Shaw Group accounts for the net monthly trading result of these assets and receives the cash benefit before the end of the following month.

1.3 Grants payable

Grants payable are accounted for in the period in which the performance conditions attaching to the grant payment are met or, where no performance conditions apply, when a legal or constructive obligation arises.

1.4 Assets and liabilities relating to ten-year assets

The net assets in respect of those facilities sold to Shaw Group in October 2006 are not recognised on the company’s balance sheet because although in some cases the final transfers have not been completed, the economic value of those facilities, and any benefit or burdens arising from their operation, have already passed to Shaw Group.

1.5 Assets and liabilities relating to trust assets

The net assets in respect of the trust assets are accounted for as for the ten year assets for as long as a trust asset remains operational. No contingent asset or liability is disclosed at 31 March 2013 in respect of the trust assets ceasing operation in the future because it is not possible to estimate with certainty the future value of those associated assets and liabilities at the point at which operations cease.

Notes to the Financial Statements

For the Year Ended 31 March 2013

1. Accounting Policies (continued)

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|---------------------------|---|-------------|
| Freehold land | - | Nil |
| Freehold buildings | - | 2% - 10% |
| IT equipment and software | - | 20% |
| Furniture and equipment | - | 10% - 33.3% |

For buildings, depreciation is charged from the date the buildings were first put into use and in the case of care homes the date of registration.

1.7 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.8 Pension scheme

The company contributes to a defined contribution pension scheme run by Shaw Group. The assets of the scheme are held separately from those of the company and of Shaw Group. The annual contributions payable are charged to the Income and Expenditure Account.

1.9 Operating leases

Payments in respect of operating leases are recognised in the Income and Expenditure Account in the period to which they relate.

2. Income

Income represents:

| | 2013 £ | 2012 £ |
|----------------------------------|-------------------|-------------------|
| Income relating to owned assets: | | |
| Grants received | 437,239 | 439,536 |
| Care home residential fees | 564,858 | 746,840 |
| Other income | - | 371 |
| Income as agent to Shaw Group | 12,364,933 | 12,761,555 |
| | <u>13,367,030</u> | <u>13,948,302</u> |

Grants are receivable from Primary Care Trusts in respect of certain long term contracts for the operation of nursing homes.

Notes to the Financial Statements

For the Year Ended 31 March 2013

3. Direct expenses

| | 2013 | 2012 |
|--------------------------|-------------------|-------------------|
| | £ | £ |
| Relating to owned assets | 1,123,043 | 1,239,644 |
| As agent to Shaw Group | 12,195,212 | 12,593,146 |
| | <u>13,318,255</u> | <u>13,832,790</u> |

4. Other operating expenses

| | 2013 | 2012 |
|--------------------------|----------------|----------------|
| | £ | £ |
| Relating to owned assets | | |
| Grants payable | 38,530 | 198,715 |
| Other | 29,136 | 121,378 |
| As agent to Shaw Group | 125,594 | 78,237 |
| | <u>193,260</u> | <u>398,330</u> |

5. Other operating income

| | 2013 | 2012 |
|-------------------|----------|----------------|
| | £ | £ |
| Grants receivable | - | 130,000 |
| | <u>-</u> | <u>130,000</u> |

6. Operating deficit

Operating deficit stated after charging:

| | 2013 | 2012 |
|---|---------|---------|
| | £ | £ |
| Depreciation of tangible fixed assets | 5,951 | 7,589 |
| Operating leases: buildings, as agent to Shaw Group | 623,740 | 623,740 |
| Auditor's remuneration | 16,000 | 18,000 |

Notes to the Financial Statements

For the Year Ended 31 March 2013

7. Committee members' emoluments

During the year Frances Cloud acted as a non-executive director of Shaw Group and received emoluments of £15,000 (2012: £15,000) from Shaw Group in respect of her services in this position. The fee was reimbursed in full to Shaw Group by the company as a payment for special work in accordance with Rule 35(b) (ii) of the Rules. No other members of the Committee of Management received any fees or other emoluments from the company.

In addition to the above, Philip Thomas, Elizabeth Muir, Frances Cloud, Therese Mearing, Kevin Miller, Simon MacSorley and Helen Black (from 3 July 2012) received payments during the year totalling £50,625 (2012: £44,512) from Shaw Group in respect of inspections made of care services operated by Shaw Group, and subsequent reports provided to its board of directors. These payments were made directly from, and the cost borne by, Shaw Group.

Expenses paid to Committee Members in furtherance of their duties as such amounted to £564 (2012: £589).

8. Staff costs

Relating to owned assets:

| | 2013 | 2012 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Salaries | 565,718 | 649,973 |
| Social security costs | 37,200 | 45,494 |
| | <u>602,918</u> | <u>695,467</u> |

As agent to Shaw Group:

| | 2013 | 2012 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Salaries | 7,391,050 | 7,430,720 |
| Social security costs | 538,098 | 516,760 |
| Other pension costs | 68,880 | 77,617 |
| | <u>7,998,028</u> | <u>8,025,097</u> |

Staff numbers:

| | 2013 | 2012 |
|--------------------------|------------|------------|
| | No. | No. |
| Nursing home staff: | | |
| Relating to owned assets | 43 | 49 |
| As agents to Shaw Group | 540 | 557 |
| | <u>583</u> | <u>606</u> |

Notes to the Financial Statements

For the Year Ended 31 March 2013

9. Interest receivable and income from investments

| | 2013 £ | 2012 £ |
|--------------------------|-----------|-----------|
| Relating to owned assets | 1,004,070 | 622,470 |

Included in the above is £795,206 (2012 £335,656) relating to interest from Shaw Group companies.

10. Interest payable and similar charges

| | 2013 £ | 2012 £ |
|-------------------------------|-----------|-----------|
| On bank loans and overdrafts: | | |
| Relating to owned assets | 19,281 | 29,811 |
| As agent to Shaw Group | 44,128 | 50,174 |
| | 63,409 | 79,985 |

11. Tangible fixed assets

| | Freehold property £ | Fixtures & fittings £ | Total £ |
|-----------------------|---------------------------|-----------------------------|------------|
| Cost | | | |
| At 1 April 2012 | 2,919,613 | 65,404 | 2,985,017 |
| Disposals | (866,554) | - | (866,554) |
| At 31 March 2013 | 2,053,059 | 65,404 | 2,118,463 |
| Depreciation | | | |
| At 1 April 2012 | 1,354,524 | 49,473 | 1,403,997 |
| Charge for the year | 686 | 5,265 | 5,951 |
| On disposals | (866,554) | - | (866,554) |
| At 31 March 2013 | 488,656 | 54,738 | 543,394 |
| Net book value | | | |
| At 31 March 2013 | 1,564,403 | 10,666 | 1,575,069 |
| At 31 March 2012 | 1,565,089 | 15,931 | 1,581,020 |

The company has no outstanding liabilities in respect of tangible fixed assets held under finance leases.

The net book value of freehold property includes land with a cost of £1,560,000 (2012: £1,560,000) which is not depreciated.

Notes to the Financial Statements

For the Year Ended 31 March 2013

12. Fixed asset investments

| | Shares in Shaw Group £ | Loan notes due from Shaw Group £ | Other investments £ | Total £ |
|--------------------------|------------------------------|---|---------------------------|------------------|
| Cost or valuation | | | | |
| At 1 April 2012 | 15,000 | 3,757,500 | 5,900,000 | 9,672,500 |
| Additions | - | - | 751,500 | 751,500 |
| Disposals | (2,000) | (751,500) | (1,900,000) | (2,653,500) |
| At 31 March 2013 | <u>13,000</u> | <u>3,006,000</u> | <u>4,751,500</u> | <u>7,770,500</u> |
| Net book value | | | | |
| At 31 March 2013 | <u>13,000</u> | <u>3,006,000</u> | <u>4,751,500</u> | <u>7,770,500</u> |
| At 31 March 2012 | <u>15,000</u> | <u>3,757,500</u> | <u>5,900,000</u> | <u>9,672,500</u> |

Shares are recorded at cost.

The company owns 26 million (2012: 30 million) ordinary shares in Shaw Group, a company incorporated in England and Wales, representing 26% (2012: 30%) of Shaw Group's ordinary share capital.

The loan notes due from Shaw Group at 31 March 2013 will be redeemed in four annual instalments of £751,500 ending in October 2016. In accordance with the terms of the loan, following the receipt of each annual instalment the company is required to transfer, for no consideration, 4 million of its shares in Shaw Group to Shaw Group's Employee Benefit Trust. The company's investment in Shaw Group will therefore have reduced to 10 million shares (10% of Shaw Group's ordinary share capital) by the time the loan notes have been repaid in full in October 2016.

Other investments comprise a portfolio of bonds, equities, cash and other assets managed on the company's behalf by Barclays Wealth. The market value of the portfolio at 31 March 2013 was £4,951,939 (2012: £5,920,302).

Notes to the Financial Statements

For the Year Ended 31 March 2013

13. Debtors

| | 2013 £ | 2012 £ |
|--|-------------------------|-------------------------|
| Due after more than one year | | |
| Loan to Surehaven Glasgow Limited | 1,341,337 | 1,726,775 |
| Loan to Shaw healthcare (de Montfort) Limited | 2,614,496 | - |
| Loan to Shaw healthcare (Northamptonshire) Limited | 1,449,365 | - |
| | <u>5,405,198</u> | <u>1,726,775</u> |
| Due within one year | | |
| Amounts due from other Shaw Group companies | 1,501 | 149,654 |
| Loan to Surehaven Glasgow Limited | 528,209 | - |
| Loan to Shaw healthcare (de Montfort) Limited | 146,730 | - |
| Loan to Shaw healthcare (Northamptonshire) Limited | 86,607 | - |
| Residential fees | 16,274 | 23,717 |
| Other debtors and prepayments | 28,890 | 6,764 |
| | <u>808,211</u> | <u>180,135</u> |
| Total | <u><u>6,213,409</u></u> | <u><u>1,906,910</u></u> |

The loan to Surehaven Glasgow Limited is secured by the assets of that company. Interest on the loan is charged at 10% (2011: 10%). The loan is repayable in instalments by 2026.

The loan to Shaw healthcare (de Montfort) Limited is secured by the assets of that company. Interest on the loan is charged at 15%. The loan is repayable in instalments by 2035.

The loan to Shaw healthcare (Northamptonshire) Limited is secured by the assets of that company. Interest on the loan is charged at 14%. The loan is repayable in instalments by 2029.

14. Current asset investments

| | 2013 £ | 2012 £ |
|------------------------|-----------|-----------|
| Short term investments | - | 1,000,000 |

Short term investments represent monies placed on fixed term deposit with Allied Irish Bank.

Notes to the Financial Statements

For the Year Ended 31 March 2013

15. Cash at bank

| | 2013 £ | 2012 As restated £ |
|-----------------------------------|-----------|--------------------------|
| At 1 April as previously reported | 951,259 | 2,576,349 |
| Decrease in cash in the year | (642,795) | (1,225,990) |
| At 1 April as restated | 308,464 | 1,350,359 |
| Prior year adjustment (note 28) | - | (399,100) |
| At 31 March | 308,464 | 951,259 |

16. Creditors: amounts falling due within one year

| | 2013 £ | 2012 £ |
|---|-----------|-----------|
| Primary Care Trust grants | - | 36,121 |
| Supplier balances | 28,250 | 19,220 |
| Amounts due to other Shaw Group companies | 110,181 | 76,470 |
| Social security and other taxes | 9,719 | 9,689 |
| Other creditors | 787,476 | 834,550 |
| | 935,626 | 976,050 |

17. Share capital

| | 2013 £ | 2012 £ |
|---|-----------|-----------|
| Allotted, called up and fully paid | | |
| Issued and fully paid shares of £1 each | 9 | 8 |

Each Member of the Committee holds one share in the company. During the year one share was issued at par.

Notes to the Financial Statements

For the Year Ended 31 March 2013

18. Analysis of revenue reserves

| | 2013 | 2012 |
|-----------------------------------|-------------------|-------------------|
| | £ | As restated £ |
| At 1 April as previously reported | 14,534,731 | 14,145,064 |
| Prior year adjustment (note 28) | (399,100) | (399,100) |
| At 1 April as restated | 14,135,631 | 13,745,964 |
| Surplus for the year | 796,176 | 389,667 |
| At 31 March | 14,931,807 | 14,135,631 |

19. Reconciliation of movement in total funds

| | 2013 | 2012 |
|--------------------------------------|-------------------|-------------------|
| | £ | As restated £ |
| At 1 April as restated (see note 18) | 14,135,639 | 13,745,971 |
| Surplus for the year | 796,176 | 389,667 |
| Shares issued during the year | 1 | 1 |
| At 31 March | 14,931,816 | 14,135,639 |

20. Net cash flow from operating activities

| | 2013 | 2012 |
|---|------------------|------------------|
| | £ | £ |
| Operating deficit | (144,485) | (152,818) |
| Depreciation of tangible fixed assets | 5,951 | 7,589 |
| Increase in debtors | (242,638) | (191,374) |
| Decrease in creditors | (40,424) | (541,244) |
| Net cash outflow from operating activities | (421,596) | (877,847) |

Notes to the Financial Statements

For the Year Ended 31 March 2013

21. Analysis of cash flows for headings netted in cash flow statement

| | 2013 £ | 2012 £ |
|---|--------------------|------------------|
| Returns on investments and servicing of finance: | | |
| Interest received | 9,892 | 41,225 |
| Interest paid | (63,409) | (79,985) |
| Income from investments | 994,178 | 581,245 |
| Net cash inflow from returns on investments and servicing of finance | 940,661 | 542,485 |
| | 2013 £ | 2012 £ |
| Capital expenditure and financial investment: | | |
| Purchase of tangible fixed assets | - | (3,653) |
| Sale of tangible fixed assets | - | 13,024 |
| Loan note repayment received from Shaw Group | 751,500 | - |
| Purchase of unlisted and other investments | (751,500) | (1,900,000) |
| Sale of unlisted and other investments | 1,902,000 | 1,000,000 |
| Sale of short term unlisted investments | 1,000,000 | - |
| Sub-debt investment in Shaw Group projects | (4,063,861) | - |
| Net cash outflow from capital expenditure | (1,161,861) | (890,629) |
| | 2013 £ | 2012 £ |
| Financing: | | |
| Issue of ordinary shares | 1 | 1 |

22. Analysis of changes in net funds

| | 1 April 2012 As restated | Cash flow | 31 March 2013 |
|--------------------------|-----------------------------|------------------|----------------|
| | £ | £ | £ |
| Cash at bank and in hand | 951,259 | (642,795) | 308,464 |
| Net funds | 951,259 | (642,795) | 308,464 |

Notes to the Financial Statements

For the Year Ended 31 March 2013

23. Financial commitments

At 31 March 2013 the company had annual commitments under operating leases as follows:

Owned assets

| | Buildings | | Other | |
|--------------------------|-----------|----------|--------------|--------------|
| | 2013 | 2012 | 2013 | 2012 |
| | £ | £ | £ | £ |
| Expiring: | | | | |
| Within one year | - | - | - | - |
| Within two to five years | - | - | 8,212 | 8,212 |
| | <u>-</u> | <u>-</u> | <u>8,212</u> | <u>8,212</u> |
| | <u>-</u> | <u>-</u> | <u>8,212</u> | <u>8,212</u> |

As agents to Shaw Group

| | Buildings | | Other | |
|--------------------------|----------------|----------------|---------------|---------------|
| | 2013 | 2012 | 2013 | 2012 |
| | £ | £ | £ | £ |
| Expiring: | | | | |
| Within one year | 326,762 | 384,700 | 6,387 | 8,293 |
| Within two to five years | - | 239,041 | 21,560 | 29,222 |
| | <u>326,762</u> | <u>623,741</u> | <u>27,947</u> | <u>37,515</u> |

24. Taxation

The company has no liability for corporation tax due to its charitable status.

25. Legal status

The Shaw Foundation Limited is registered under charitable rules with the Financial Services Authority under the Industrial and Provident Societies Acts 1965 - 2002.

Notes to the Financial Statements

For the Year Ended 31 March 2013

26. Pension schemes

The company contributes to a defined contribution money purchase pension scheme which is run by Shaw Group and administrated by Legal and General, an independent administrator of pension funds. The total contributions made by the company to this scheme in the year ended 31 March 2013 amounted to £44,784 (2012: £51,156).

The company also participates in the NHS Pensions Agency, a United Kingdom Government defined benefit pension scheme. This is a multi-employer scheme for which no actuarial valuations of the scheme have been made available to participating employers. As a result pension contributions are accounted for in the same way as payments made to a defined contribution pension scheme. The total contributions made by the company to this scheme in the year ended 31 March 2013 amounted to £24,096 (2012: £27,793).

All contributions to pension schemes relate to non-owned assets operated on behalf of Shaw Group and contributions for the next 12 months are expect to be in line with those paid in 2013.

27. Related party transactions

The company owns 26% (2012: 30%) of Shaw Group and has entered into the following transactions relating to that company:

Loan to Surehaven Glasgow Limited

The company is owed £1,869,546 (2012: £1,726,775) by Surehaven Glasgow Limited, a company whose ultimate parent company is Shaw Group. Details of the loan can be found in note 13.

Loan to Shaw healthcare (de Montfort) Limited

The company is owed £2,761,226 (2012: £Nil) by Shaw healthcare (de Montfort) Limited, a company whose ultimate parent company is Shaw Group. Details of the loan can be found in note 13.

Loan to Shaw healthcare (Northamptonshire) Limited

The company is owed £1,535,972 (2012: £Nil) by Shaw healthcare (Northamptonshire) Limited, a company whose ultimate parent company is Shaw Group. Details of the loan can be found in note 13.

Transactions with Shaw Group

During the year the company made payments of £1,231,022 (2012: 1,897,414) to Shaw Group in relation to the assets operated by the company on behalf of Shaw Group. The payments were in accordance with the sale and purchase agreement and comprised a contribution towards joint costs in respect of administrative staff employed by Shaw Group and who were involved in the management of the assets, and any surpluses and losses generated by those assets during the year.

An amount of £108,680 was owed to Shaw Group and its subsidiary companies at 31 March 2013 (2012: £59,605).

As described in note 7, the company also made payments totalling £15,000 (2012: £15,000) to Shaw Group during the year in reimbursement of the fee paid to Frances Cloud for her services as non-executive director of that company.

In addition to the above, Philip Thomas, Elizabeth Muir, Frances Cloud, Therese Mearing, Kevin Miller, Simon MacSorley and Helen Black (from 3 July 2012) received payments during the year totalling £50,625 (2012: £44,512) from Shaw Group in respect of inspections made of care services operated by Shaw Group, and subsequent reports provided to its board of directors. These payments were made directly from, and the cost borne by, Shaw Group.

Notes to the Financial Statements

For the Year Ended 31 March 2013

28. Prior year adjustment

During the year the trustees reviewed the sale and purchase agreement with Shaw Group of October 2006. During this exercise it was found that costs of £399,100 incurred by The Shaw Foundation ("the company") in 2006 were incorrectly accounted for as if they were to be borne by Shaw Group, whereas the intention was that they be borne by the company. The effect of this was that the cash classified as being held by the company on behalf of Shaw Group, and therefore excluded from the company's balance sheet, was understated by £399,100, with the company's own cash balance therefore overstated by the same amount.

As a result, the 2011/12 comparative information has been restated and the consequent adjustments included in 2012/13 opening reserves. The trustees are satisfied that this prior year adjustment properly reflects the role of the company in relation to the assets that it manages on behalf of Shaw Group.

The effect of the prior year adjustment is summarised below:

| | |
|--------------------------|-----------|
| | £ |
| Cash at bank and in hand | (399,100) |
| Decrease in net assets | (399,100) |

29. Subsequent event

On 1 April 2013 the trade and assets of The Hawthorns Nursing Home, a non-owned asset, were transferred to Shaw Group in accordance with the terms of the sale and purchase agreement of October 2006 described above.