

Company registered number
5906258

SHANNON TRUST

(Company registered by guarantee no. 5906258;
registered charity no. 1117249 (England & Wales), SC043470 (Scotland))

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

SHANNON TRUST

(Company limited by guarantee no. 5906258, registered charity no. 1117249)

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2021

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SHANNON TRUST

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS

For the year ended 31 December 2021

Company reg. no.	5906258																														
Charity reg. no. (England)	1117249																														
Charity reg. no. (Scotland)	SC043470																														
Registered office	International House Holborn Viaduct London, EC1A 2BN																														
Trustees	<p>The trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:</p> <table><tr><td>Michael Wemms, Chair</td><td>Appointed 01 April 2021</td></tr><tr><td>Andrew Reid, Treasurer</td><td></td></tr><tr><td>Barry Porter</td><td></td></tr><tr><td>John Bensted</td><td></td></tr><tr><td>William Payne</td><td></td></tr><tr><td>Brenda Bates</td><td></td></tr><tr><td>Ellen Coady</td><td>Appointed 28 July 2021</td></tr><tr><td>Cristalina Fernandes-Bates</td><td>Appointed 28 July 2021</td></tr><tr><td>Ceri Godwin</td><td>Appointed 28 July 2021</td></tr><tr><td>Caroline King</td><td>Appointed 28 July 2021</td></tr><tr><td>Pankaj Sethi</td><td>Appointed 15 December 2021</td></tr><tr><td>Sue O'Hara</td><td>Resigned 31 March 2021</td></tr><tr><td>Robert Newman</td><td>Resigned 31 March 2021</td></tr><tr><td>James Killen</td><td>Resigned 9 June 2021</td></tr><tr><td>Michael May</td><td>Resigned 28 July 2021</td></tr></table>	Michael Wemms, Chair	Appointed 01 April 2021	Andrew Reid, Treasurer		Barry Porter		John Bensted		William Payne		Brenda Bates		Ellen Coady	Appointed 28 July 2021	Cristalina Fernandes-Bates	Appointed 28 July 2021	Ceri Godwin	Appointed 28 July 2021	Caroline King	Appointed 28 July 2021	Pankaj Sethi	Appointed 15 December 2021	Sue O'Hara	Resigned 31 March 2021	Robert Newman	Resigned 31 March 2021	James Killen	Resigned 9 June 2021	Michael May	Resigned 28 July 2021
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Robert Newman	Resigned 31 March 2021																														
James Killen	Resigned 9 June 2021																														
Michael May	Resigned 28 July 2021																														
Key management personnel	<p>Ian Merrill, CEO</p> <p>Christopher Morgan, Company Secretary</p>																														
Bankers	<table><tr><td>CAF Bank Ltd 25 Kings Hill Avenue Kent, ME19 4JQ</td><td>Virgin Money plc 30-31 Haymarket London, SW1Y 4EX</td></tr><tr><td>Aldermore Bank PLC 1st Floor, Block B Western House Lynch Wood Peterborough, PE2 6F2</td><td>Nationwide Building Society Kings Park Road Moulton Park Northampton, NN3 6NWY</td></tr></table>	CAF Bank Ltd 25 Kings Hill Avenue Kent, ME19 4JQ	Virgin Money plc 30-31 Haymarket London, SW1Y 4EX	Aldermore Bank PLC 1st Floor, Block B Western House Lynch Wood Peterborough, PE2 6F2	Nationwide Building Society Kings Park Road Moulton Park Northampton, NN3 6NWY																										
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Independent Auditor	Richard Billingham FCA Senior Statutory Auditor Knox Cropper LLP Chartered Accountants and Statutory Auditors 65 Leadenhall Street, London, EC3A 2AD																														
Accountants	NfP Accountants Ltd 3rd Floor, 86-90 Paul Street, London, EC2A 4NE																														

SHANNON TRUST

BOARD OF TRUSTEES' REPORT

For the year ended 31 December 2021

The Trustees (who are the Directors of the charitable company for the purposes of the Companies Act), present their combined Directors' report and Trustees' annual report (as required by company and charity law), together with the financial statements of Shannon Trust for year ended 31 December 2021. The Trustees confirm that the annual report and financial statements of the charity comply with current statutory requirements, the requirements of the charity's governing document, and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

The reference and administrative information set out on page 1 forms part of this report.

Objectives and activities

Purposes and aims

The Charity's Objects are the promotion of:

- the advancement of education;
- the rehabilitation of offenders;
- the relief of financial hardship sickness and distress of inmates or former inmates and their families in prisons, young offenders' institutions, secure units in high security psychiatric or other hospital units and offenders or former offenders subject to non-custodial community orders in the United Kingdom; and
- literacy schemes and similar educational initiatives.

During 2021, following a thorough stakeholder consultation and organisational review, our strategic brand statements were re-built as follows:

Purpose - We support people in the criminal justice system to learn to read and improve other basic skills, so they can pursue wider opportunities and thrive in the community.

Vision - A future where everyone can experience the positive impact of learning.

Mission - To connect the power of volunteers, mentors and partners to offer a range of effective, accessible and flexible learning opportunities in prisons and the community.

Strategic aims

2021 was the final year of a three-year strategy running from 2019-2021. However, the COVID19 pandemic laid waste to that strategy, and given the widespread prison 'lockdowns' in place, restricted much custodial activity. Existing community development plans were also delayed, as social distancing and other restrictions continued to be observed. Consequently, the following section will review progress during the year, related in part to delivery against the 2019-2021 strategy, alongside new work streams introduced to drive organisational transition at pace.

Public Benefit

The trustees are satisfied that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

BOARD OF TRUSTEES' REPORT

For the year ended 31 December 2021

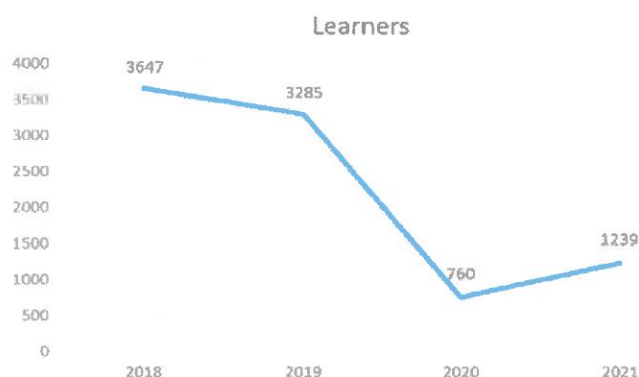
When planning the charity's activities, the trustees considered the Charity Commission Guidance on public benefit. The trustees also considered how the charity had succeeded in delivering its aims, including any public benefit, when reviewing the achievements for the year which are set out below.

Achievements & performance

In the light of insights deriving from the COVID19 pandemic, and changes to organisational leadership, Shannon Trust used 2021 as an opportunity to pivot significantly. The achievements & performance detailed below portray an organisation in deliberate and planned transition. There are early indicators of successful transition and these bode well for the future of the organisation.

Operational delivery in prisons

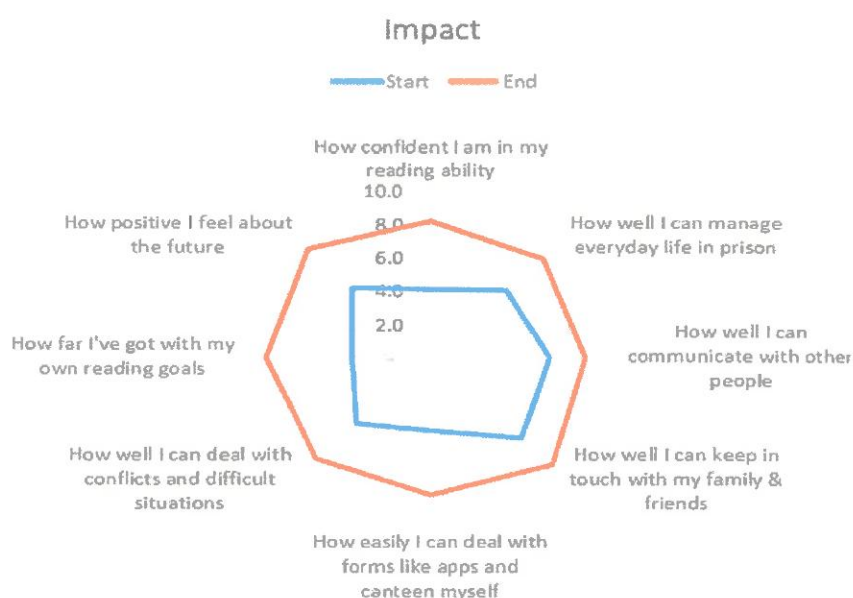
During 2021 we worked with 1239 new learners and trained 637 new mentors, which in the context of very challenging circumstances across the prison estate is a major achievement.



There has been a drive to improve our monitoring and evaluation processes, and we can now report on the impact of learning to read with Turning Pages. We saw improvements across the board, but most significantly learners doubling their confidence with reading ability and reaching their own reading goals. The average improvements can be seen below:

BOARD OF TRUSTEES' REPORT

For the year ended 31 December 2021



Operational delivery in the community

Since launching this exploratory work in March 2021 we now have a preferred delivery model, which is to work in partnership with other community-based organisations; equipping their teams of staff, volunteers and peer mentors with the resources and training to effectively deliver the Turning Pages programme. This model embeds the programme into existing community-based services and enables us to broaden our reach by utilising the existing skills, networks and support services operating within the community setting. There are five steps to this:

1. Communicating the benefits to the partner organisation
2. Understanding and planning how it will work in their operating environment
3. Preparations – training of reading coaches and sharing of learning resources
4. Supporting ongoing delivery at 'arms-length'
5. Gathering data and measuring impact

SHANNON TRUST

BOARD OF TRUSTEES' REPORT

For the year ended 31 December 2021

The first year of delivery has proven a market interest in the scheme, and the focus for 2022 will be to build on this with a strong focus on learner engagement, followed by building additional partnerships. The main challenges to date have been the delays associated with COVID-19, with partner agencies running skeleton services during the pandemic. We have therefore prioritised partnerships with agencies that have maintained service delivery throughout this period.

Employees and volunteers

The Shannon Trust workforce adapted well to changes in our operating environment and the drive to transform our approach in future. Our staff team took on new responsibilities, responding well to the challenge of focusing on organisational performance and development. Our team of volunteers grew, with new roles being established; Shannon Trust continued to see volunteers as integral to its delivery model.

Communications & marketing

At the beginning of 2021, a strategic review of communications and marketing was undertaken highlighting weaknesses and areas to address. During the past 12 months we have seen consistent improvement in the number of people engaging with our communication channels, as a result of changes made since the strategic review. Significant projects have been completed successfully including building a new communications strategy, a brand re-fresh, a new website and a revamped social media presence. These actions are now helping to build our public profile and supporter base, with positive impact upon income generation and organisational reputation.

Business support

Business support was also the subject of strategic review in early 2021 and the organisation has since revamped much of its business support during the year. We are now able to provide our workforce, suppliers, partners and other stakeholders a much better experience of business support, across finance, IT & data, Human Resources, Learning & Development and resource management. We are now planning ahead more effectively, managing risk more astutely and routinely taking sound business support decisions, with a focus on operational effectiveness and efficiency.

Board development

The Shannon Trust board was refreshed with 5 new members, a new chair was recruited and the board has reviewed its meeting cadence, meeting content vis-à-vis the business cycle, the committee structure has been reviewed and a Remuneration Committee and Senior Independent Trustee put in place. An appropriate division of labour with the executive team is in place, and from an executive perspective, governance decisions are timely and clear.

Launch of numeracy programme

Many of Shannon Trust's learners also present with other basic skills needs, most notably numeracy. On 15th December 2021, Shannon Trust entered into an agreement with One to One Maths, a charity engaged in the provision of a peer-led basic maths programme in a number of prisons, under which the activities of One to One Maths were transferred to Shannon Trust. No consideration was paid in connection with this transfer and no employees, assets or liabilities transferred to Shannon Trust.

In 2022, Shannon Trust intends to expand the maths programme into a larger number of prisons, making use of its existing network of volunteers and mentors.

BOARD OF TRUSTEES' REPORT
For the year ended 31 December 2021

Organisational strategy & annual business planning

2021 was the last year of our existing organisational strategy, so a concerted programme of planning for the future took place, involving a range of stakeholders. By the end of 2021, we had conceived, tested, iterated and planned the launch of a new three-year strategy, supported by an ambitious business plan for 2022.

Our three-year strategy for 2022-2024 can be viewed on our website at shannontrust.org.uk.

Financial review

Financial Position

The Charity achieved net income for the year of £34,008 (2020 - net income of £155,843), details of which are shown in the Statement of Financial Activities on page 13. Total income for the year amounted to £789,717, a reduction of £23,735 on the previous year, and total expenditure amounted to £755,709, an increase of -£98,100 on the previous year.

Income sources

As in previous years, the charity's primary source of funding was grants from Trusts and Foundations, which accounted for 81.1% of total income. Donations from individuals accounted for a further 11.9% of income. Other income, including earned income and a small amount of income from our first contracts with community partners amounted to 7.0% of all income.

The charity is extremely grateful for the continued support of a range of grant giving trusts and foundations, generous individuals and pro-bono assistance from companies, including The Porticus Trust, the National Lottery Community Fund, the Julia & Hans Rausing Trust, the Bell Foundation, the Henry Smith Charity, the Adrian Swire Charitable Trust, the Lightbulb Trust, and the Tuixen Trust.

Reserves Policy

The reserves policy requires Shannon Trust to maintain funds (sometimes referred to as 'free reserves') sufficient to cover both the costs of the continued operation of the charity for at least three months; and the costs of an orderly curtailment of the charity's activities in the following three months, if that proves necessary.

The policy also enables the Board to designate other sums as a contingency for two purposes: to help meet the costs arising from unforeseen risks; and, to enable the charity to meet the expense of taking opportunities which have yet to arise.

The charity's reserves do not include any monies which properly form part of its 'restricted funds', which may only be spent on purposes specified in the terms on which they were received.

The level of existing reserves is reviewed every six months; and the policy is reviewed annually. Given the changing environment in which the charity operates, the Trustees are currently reviewing the charity's reserves policy with a view to providing more clarity regarding the level of reserves and the purpose for which they are held.

SHANNON TRUST

BOARD OF TRUSTEES' REPORT

For the year ended 31 December 2021

At 31 December 2021, Shannon Trust had total funds of £596,469. General (unrestricted) reserves amounted to £470,112, which is approximately 5.6 months' anticipated future expenditure. In addition, the Trustees have also set aside a designated fund of £125,000, which includes a £50,000 contingency fund that is designated to help meet the costs of unforeseen risks; and a £75,000 development fund that is to enable the charity to respond to new opportunities.

Risk Management

The major risks to which the charity is exposed have been identified and are reviewed by the Trustees on a quarterly basis. Prior to the Board's quarterly reviews, the Finance & Risk Committee scrutinises the Risk Register and make recommendations to the Board on actions to be taken and the status given to each risk. The Trustees are satisfied that appropriate controls are in place to mitigate the major risks facing the charity.

Going Concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

Structure, governance and management

The organisation is a charitable company limited by guarantee, incorporated on 16th August 2006 and registered as a charity on 14th December 2006.

The company was established under a Memorandum of Association which established the objects and powers of the charity and is governed under its Articles of Association. Its Directors are also its Trustees and members of the association. In the event of the company being wound-up, its members are required to contribute an amount not exceeding £1.

All Trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 8 to the accounts.

Recruitment, appointment and induction of new Trustees

The Directors of the company (the charity) are also charity Trustees for the purpose of charity law and under the company's Memorandum and Articles are known as Trustees. Under provision of the Articles: (1) the number of Trustees shall not be less than four but (unless determined by ordinary resolution) is not subject to any maximum. (2) at every annual general meeting one-third of the Trustees who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to one third shall retire from office; but, if there is only one trustee who is subject to retirement by rotation, they shall retire.

Under the articles the members of the company comprise the subscribers to the memorandum and such other persons or organisations as are admitted to membership in accordance with the rules made by the Trustees. Rules were made by the Trustees on the 12th March 2013 and provide that the Trustees may admit to membership any person over the age of eighteen who is not a paid worker of the charity or any of its subsidiary companies. Currently the charity has 11 members.

SHANNON TRUST

BOARD OF TRUSTEES' REPORT

For the year ended 31 December 2021

New trustees are recruited through the charity's website, social media and other online platforms and sector networks.

Full training and induction is given to all new trustees, which includes a briefing by the Chair and Chief Executive, meetings with relevant staff and volunteers and a visit to a prison.

Governance & management

The Trustees are responsible for the strategic direction and policy making of the charity. In 2021 the Board of Trustees met on eight occasions and the Finance & Risk Committee met quarterly between board meetings. In 2021, the charity established a Remuneration Committee which met once. The day to day running of the charity is delegated to an employed management team which is headed by the Chief Executive Officer, supported by a team of volunteers.

Related parties and relationships with other organisations

Shannon Trust has a Memorandum of Understanding with Her Majesty's Prisons and Probation Service enshrining the commitment to support the Shannon Trust Reading Plan in all public prisons through access, dedicated Prison Officer time and Senior Management Team support in each establishment. This arrangement is also in place across private prisons.

Statement of responsibilities of the trustees

The trustees (who are also the directors of Shannon Trust for the purposes of company law) are responsible for preparing the Board of Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

SHANNON TRUST

BOARD OF TRUSTEES' REPORT For the year ended 31 December 2021

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

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

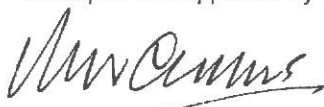
Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2021 was 8 (2020 - 11). The Trustees are members of the charity but this entitles them only to voting rights. The Trustees have no beneficial interest in the charity.

Independent Auditor

Richard Billingham of Knox Cropper LLP was appointed as the charity's Senior Statutory Auditor during the year.

Approval of the report

This report was approved by the Board of Trustees on 04 May 2022 and signed on their behalf by:



Michael Wemms
Chair

INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2021

Opinion

We have audited the financial statements of Shannon Trust (the 'charitable company') for the year ended 31 December 2021 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 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 requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2021

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared, is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate and proper 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
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 8, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2021

Auditor's 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 auditor's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The Charitable Company is required to comply with both company law and charity law as applicable in England, Wales and Scotland and, based on our knowledge of its activities, we identified that the legal requirement to accurately account for restricted funds was of key significance.
- We gained an understanding of how the charitable company complied with its legal and regulatory framework, including the requirement to properly account for restricted funds, through discussions with management and a review of the documented policies, procedures and controls.
- The audit team, which is experienced in the audit of charities, considered the charitable company's susceptibility to material misstatement and how fraud may occur. Our considerations included the risk of management override.
- Our approach was to check that all restricted income was properly identified and separately accounted for and to ensure that only valid and appropriate expenditure was charged to restricted funds. This included reviewing journal adjustments and unusual transactions.

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/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the charitable company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's 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 charitable company, the charitable company's members as a body and the charitable company's trustees as a body for our audit work, for this report or for the opinions we have formed.



Richard Billingham FCA (Senior Statutory Auditor)

for and on behalf of Knox Cropper LLP

Chartered Accountants and Statutory Auditors

65 Leadenhall Street

London, EC3A 2AD

Date: 04 May 2022

SHANNON TRUST

STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating Income and Expenditure Account & Statement of Total Realised Gains and Losses)
For the year ended 31 December 2021

	Note	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £
INCOME FROM							
Donations and legacies	2	403,019	331,667	734,686	467,098	300,780	767,878
Charitable activities							
Reading programme	3	54,380	-	54,380	26,693	-	26,693
Investment income: bank interest		555	-	555	1,696	-	1,696
Other income	4	96	-	96	17,185	-	17,185
TOTAL INCOME		458,050	331,667	789,717	512,672	300,780	813,452
EXPENDITURE ON:							
Raising funds	5	69,622	3,442	73,064	49,741	831	50,572
Charitable activities							
Reading programme	5	302,957	370,599	673,556	296,951	291,665	588,616
Turning pages sustainability income project (TPSI)		9,089	-	9,089	18,421	-	18,421
		312,046	370,599	682,645	315,372	291,665	607,037
TOTAL EXPENDITURE		381,668	374,041	755,709	365,113	292,496	657,609
NET INCOME/(EXPENDITURE) FOR THE YEAR		76,382	(42,374)	34,008	147,559	8,284	155,843
RECONCILIATION OF FUNDS							
TOTAL FUNDS AT 1 JANUARY 2021		518,730	43,731	562,461	371,171	35,447	406,618
TOTAL FUNDS AT 31 DECEMBER 2021		£ 595,112	£ 1,357	£ 596,469	£ 518,730	£ 43,731	£ 562,461

All income and expenditure has arisen from continuing activities


The annexed notes form part of these financial statements

SHANNON TRUST**(company limited by guarantee number 5906258)****BALANCE SHEET****As at 31 December 2021**

	Notes	£	2021 £	£	2020 £
FIXED ASSETS					
Tangible assets	13		1		1
CURRENT ASSETS					
Debtors	14	12,588		30,034	
Cash at bank and in hand		656,361		721,296	
		<u>668,949</u>		<u>751,330</u>	
CREDITORS: amounts falling due within one year	15	(72,481)		(188,870)	
NET CURRENT ASSETS			<u>596,468</u>		<u>562,460</u>
NET ASSETS			<u>£ 596,469</u>		<u>£ 562,461</u>
FUNDS					
Restricted funds	16		1,357		43,731
Unrestricted funds:					
Designated funds	16	125,000		125,000	
General fund	16	470,112		393,730	
		<u></u>	<u>595,112</u>	<u></u>	<u>518,730</u>
			<u>£ 596,469</u>		<u>£ 562,461</u>

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

They were approved, and authorised for issue, by the Board of Trustees on 04 May 2022 and signed on their behalf by:-

 MICHAEL WEMMS, Chair

The annexed notes form part of these financial statements

SHANNON TRUST

STATEMENT OF CASHFLOWS

For the year ended 31 December 2021

	2021		2020	
	£	£	£	£
Cash flows from operating activities		34,008		155,843
Net cash provided by / (used in) operating activities				
(Increase)/decrease in debtors	17,446		(1,629)	
Increase/(decrease) in creditors	(116,389)		129,748	
		(98,943)		128,119
Change in cash and cash equivalents in the year		(64,935)		283,962
Cash and cash equivalents at the beginning of the year		721,296		437,334
Cash and cash equivalents at the year end		656,361		721,296

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

The accounts have been prepared under the historical cost accounting rules, and in accordance with 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) (effective 1 January 2019) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

Judgements and key sources of estimation uncertainty are detailed in the accounting policies where applicable.

Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

Going concern

The Trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern. Key judgements that the charitable company has made which have a significant effect on the accounts include estimating income and expenditure for the next 12 months, in particular the economic impact of the Covid 19 pandemic.

Income

Income is recognised when the charity has entitlement to the funds: this is when any performance conditions attached to the income have been met, it is probable that the income will be received, and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income is only deferred when: the donor specifies that the grant or donation must only be used in future accounting periods; or for performance related grants, where these are received in advance of the performances or specific event to which they relate.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Company status

Shannon Trust is a company limited by guarantee. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

Fundraising costs

Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose.

Charitable activities

Expenditure on charitable activities includes the costs of delivering services and reading activities undertaken to further the purposes of the charity and their associated support costs.

Other expenditure

Other expenditure represents those items not falling into any other heading.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. Staff costs are stated on the basis of staff time. Support costs which cannot be directly attributed to charitable activities are allocated in proportion to staff costs.

Where information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of the area of literature occupied by each activity.

Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

Tangible fixed assets and depreciation

Tangible fixed assets (excluding investments) are stated at cost less depreciation. The cost of minor additions or those costing less than £1000 are not capitalised. Other fixed assets with an expected life of more than one year are included at cost and depreciated over three years.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash balances exclude any funds held on behalf of service users.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Pensions

The charity operates a defined contributions pension scheme, which is a Group Stakeholder Pension Scheme. During the year, the charity contributed up to 3% of gross pay for all staff. The contributions made during the year are treated as an expense and were £13,168 (2020 - £10,727).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

2. DONATIONS AND LEGACIES

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	<i>Total Funds 2020 £</i>	<i>Total Funds 2020 £</i>	<i>Total Funds 2020 £</i>
Trusts and foundations	308,901	331,667	640,568	<i>272,000</i>	<i>300,780</i>	<i>572,780</i>
Individual donors	52,418	-	52,418	<i>31,177</i>	-	<i>31,177</i>
Major donors	41,700	-	41,700	<i>65,737</i>	-	<i>65,737</i>
Legacies	-	-	-	<i>98,184</i>	-	<i>98,184</i>
	<u>£ 403,019</u>	<u>£ 331,667</u>	<u>£ 734,686</u>	<u>£ 467,098</u>	<u>£ 300,780</u>	<u>£ 767,878</u>

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	<i>Total Funds 2020 £</i>
Contracts and SLAs	13,001	-	13,001	-
Sale of reading manuals	41,379	-	41,379	<i>26,693</i>
	<u>£ 54,380</u>	<u>£ Nil</u>	<u>£ 54,380</u>	<u>£ 26,693</u>

4. OTHER INCOME

Other income in 2020 included government grant funding £17,106 from the Coronavirus Job Retention Scheme.

SHANNON TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

5. ANALYSIS OF EXPENDITURE

	Staff costs £	Direct costs £	Governance costs £	Support costs £	Total 2021 £	Total 2020 £
Reading programme	304,843	88,702	10,644	269,367	673,556	588,616
Turning pages special income project (TPSI)	-	9,089	-	-	9,089	18,421
	<u>304,843</u>	<u>97,791</u>	<u>10,644</u>	<u>269,367</u>	<u>682,645</u>	<u>607,037</u>
Fundraising costs	35,897	4,194	1,253	31,720	73,064	50,572
Governance costs	-	11,897	(11,897)	-	-	-
Support costs	247,009	54,078	-	(301,087)	-	-
	<u>£ 587,749</u>	<u>£ 167,960</u>	<u>£ Nil</u>	<u>£ Nil</u>	<u>£ 755,709</u>	<u>£ 657,609</u>

2020

Reading programme	303,002	69,787	15,314	200,513	588,616
Turning pages special income project (TPSI)	6,541	7,220	331	4,329	18,421
	<u>309,543</u>	<u>77,007</u>	<u>15,645</u>	<u>204,842</u>	<u>607,037</u>
Fundraising costs	28,937	1,023	1,463	19,149	50,572
Governance costs	7,067	10,041	(17,108)	-	-
Support costs	179,148	44,843	-	(223,991)	-
	<u>£ 524,695</u>	<u>£ 132,914</u>	<u>£ Nil</u>	<u>£ Nil</u>	<u>£ 657,609</u>

Of the total expenditure, £381,668 was unrestricted (2020 - £365,113) and £374,041 was restricted (2020 - £292,496).

6. NET INCOME / EXPENDITURE FOR THE YEAR

This is stated after charging / crediting:

	2021 £	2020 £
Independent auditor's / examiner's remuneration:		
Independent examiner's fees	<u>6,390</u>	<u>3,720</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

7. STAFF COSTS AND NUMBERS

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £
Salary costs						
Wages and salaries	232,555	200,259	432,814	253,590	103,975	357,565
Social security costs	42,878	-	42,878	21,932	11,414	33,346
Pension costs	13,168	-	13,168	7,606	3,121	10,727
Redundancy costs	9,415	-	9,415	20,000	-	20,000
	298,016	200,259	498,275	303,128	118,510	421,638
Other staffing costs						
Recruitment	12,384	2,283	14,667	19,370	12,950	32,320
Staff training and development	2,753	5,548	8,301	821	719	1,540
Temporary staff	-	-	-	-	20,237	20,237
Consultancy	65,044	1,462	66,506	500	48,460	48,960
	£ 378,197	£ 209,552	£ 587,749	£ 323,819	£ 200,876	£ 524,695

The average number of employees (head count based on number of staff employed) during the year was 11.4 (2020 - 10).

The total employee benefits, including pension contributions, of the key management personnel were £111,037 (2020 - £78,509). In 2020, this includes £31,380 for an Interim Chief Operating Officer consultant.

During the year, one employee earned between £70,000 - £80,000 (2020 - one employee earned between £60,000 - £70,000).

8. TRUSTEES' REMUNERATION AND EXPENSES

The charity trustees were not paid and did not receive any other benefits from association with the charity in the year (2020 - £nil). No charity trustee received payment for professional or other services supplied to the charity (2020 - £nil).

Trustees' expenses, representing the payment or reimbursement of travel and subsistence costs, totalled £47 (2020 - £1,016), incurred by 1 trustee (2020 - 4 trustees) relating to attendance at meetings of the trustees.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

9. RELATED PARTY TRANSACTIONS

Other than trustees' expenses above, there are no reportable related party transactions to disclose for 2021 (2020 - none).

10. TAXATION

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

11. PENSION SCHEME

The charity operates a defined contributions pension scheme, which is a Group Stakeholder Pension Scheme, registered with HM Revenue & Customs in accordance with the Finance Act 2004. The fund manager invests in unitised funds, accumulating until the members chosen retirement age. The fund manager's charges are factored into the unit value at 1% per annum.

12. SUPPORT AND GOVERNANCE COSTS

	2021 £	2020 £
Support costs		
Premises costs	8,460	19,495
Website and online costs	10,930	-
PRA & other adverts	5,670	-
Other comms and marketing	2,255	-
IT systems, computers and office equipment	10,769	8,127
Telephones	4,613	4,803
Repairs and maintenance	1,609	459
Legal and professional fees	2,400	157
Other running costs	-	4,964
Events and conferences	755	50
Staff travel and subsistence	5,037	1,377
Other office costs	1,580	5,412
	54,078	44,844
Governance costs		
Board meetings	762	474
Audit	6,390	3,720
Audit preparation	1,200	1,200
Strategic review	-	500
Other governance costs	3,545	4,146
	11,897	10,040
Support staff costs	247,009	179,148
Governance staff costs	-	7,067
	£ 312,984	£ 241,099

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

13. TANGIBLE FIXED ASSETS

	Office equipment £
Cost	
At 1 January 2021 and 31 December 2021	<u>4,533</u>
Depreciation	
At 1 January 2021 and 31 December 2021	<u>4,532</u>
Net book value	
At 31 December 2020	£ 1
At 31 December 2021	<u>£ 1</u>

14. DEBTORS

	2021 £	2020 £
Due within one year		
Trade debtors	7,933	1,403
Accrued income	2,415	23,480
VAT repayment due	440	388
Prepayments	1,800	4,763
	<u>£ 12,588</u>	<u>£ 30,034</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Deferred grant income	60,000	142,500
Social security and other taxes	-	10,793
Accruals	12,481	35,577
	<u>£ 72,481</u>	<u>£ 188,870</u>
<u>Deferred income</u>		
Balance at 1 January 2021	142,500	-
Amount released to incoming resources	(142,500)	-
Amount deferred in the year	60,000	142,500
Balance at 31 December 2021	<u>£ 60,000</u>	<u>£ 142,500</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

16. STATEMENT OF FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers and Investment gains/(losses) £	Carried Forward £
DESIGNATED FUNDS					
Contingency Fund	50,000	-	-	-	50,000
Development Fund	75,000	-	-	-	75,000
	£ 125,000	£ Nil	£ Nil	£ Nil	£ 125,000
RESTRICTED FUNDS					
National reading network	43,731	201,667	(245,398)	-	-
Community pilot	-	130,000	(128,643)	-	1,357
	£ 43,731	£ 331,667	£ (374,041)	£ Nil	£ 1,357
SUMMARY OF FUNDS					
Designated Funds	125,000	-	-	-	125,000
General Funds	393,730	458,050	(381,668)	-	470,112
	518,730	458,050	(381,668)	-	595,112
Restricted Funds	43,731	331,667	(374,041)	-	1,357
	£ 562,461	£ 789,717	£ (755,709)	£ Nil	£ 596,469

Restricted funds

National Reading Network – income restricted for elements of the delivery of the Shannon Trust Reading Plan via the National Reading Network (all prisons in England, Wales and Northern Ireland). Restrictions relate to public/private prisons, specified delivery locations, and types of prisons such as work within the Young Persons Estate and Young Offender Institutes.

Community pilot – Shannon Trust has partnered with a number of services in the community to help them learn through our Turning Pages manuals, the help of volunteer reading coaches and self-study resources. The programme is tailored to the learner, and is run in the way which works best for them. Our community work also means people who have taken part in our programmes in prison can continue upon release.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

STATEMENT OF FUNDS - 2020

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers and investment gains/(losses) £	Carried Forward £
DESIGNATED FUNDS					
Contingency Fund	-	-	-	50,000	50,000
Development Fund	-	-	-	75,000	75,000
	<u>£ Nil</u>	<u>£ Nil</u>	<u>£ Nil</u>	<u>£ 125,000</u>	<u>£ 125,000</u>
RESTRICTED FUNDS					
National reading network	35,447	300,780	(292,496)	-	43,731
	<u>£ 35,447</u>	<u>£ 300,780</u>	<u>£ (292,496)</u>	<u>£ Nil</u>	<u>£ 43,731</u>
SUMMARY OF FUNDS					
Designated Funds	-	-	-	125,000	125,000
General Funds	371,171	512,672	(365,113)	-	518,730
Restricted Funds	35,447	300,780	(292,496)	-	43,731
	<u>£ 406,618</u>	<u>£ 813,452</u>	<u>£ (657,609)</u>	<u>£ 125,000</u>	<u>£ 687,461</u>

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds Designated Funds £	Unrestricted Funds General Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	-	1	-	1
Net current assets	125,000	470,111	1,357	596,468
	<u>£ 125,000</u>	<u>£ 470,112</u>	<u>£ 1,357</u>	<u>£ 596,469</u>

18. ANALYSIS OF THE NET MOVEMENT IN FUNDS

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
Net movement in funds	76,382	(42,374)	34,008	155,843
	<u>£ 76,382</u>	<u>£ (42,374)</u>	<u>£ 34,008</u>	<u>£ 155,843</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

19. OPERATING LEASE COMMITMENTS

The charity had no lease commitments at the year end (2020 - there was a commitment of £6,048 in relation to the final 4 months of the office premises lease which was cancelled during that year).

20. OTHER COMPANY INFORMATION

Shannon Trust is a charitable company limited by guarantee, registered in England with registration number 5906258. Its registered office address is International House, Holborn Viaduct, London, England, EC1A 2BN. The accounts are presented in GBP rounded to £1.

21. ONE TO ONE MATHS

As explained more fully in the Trustees' Annual Report, on 15th December 2021, Shannon Trust entered into an agreement with One to One Maths, a charity engaged in the provision of a peer-led basic maths programme in a number of prisons, under which the activities of One to One Maths were transferred to Shannon Trust. No consideration was paid in connection with this transfer and no employees, assets or liabilities transferred to Shannon Trust. Therefore no monetary value has been included in these accounts in relation to the transfer of undertakings.