



**The Salvation Army United Kingdom Territory**

**The Salvation Army Social Work Trust  
Report and Financial Statements  
for the year ended 31 March 2019**

Charity Registration No: 215174 Scottish Charity Registration No: SC037691

Principal Office

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# Trustee's Report

## OUR MISSION

Called to be disciples of Jesus Christ, The Salvation Army exists to save souls, grow saints and serve suffering humanity.

## OUR VISION

As disciples of Jesus Christ, we will be a Spirit-filled, radical, growing movement with a burning desire to lead people into a saving knowledge of Jesus Christ, actively serve the community and fight for social justice.

## OUR VALUES

- Integrity
- Accountability
- Boldness
- Passion
- Respect
- Compassion

## THE OBJECTIVES OF THE SALVATION ARMY SOCIAL WORK TRUST

Promoting the charitable work of The Salvation Army in one or more of the following ways as The Salvation Army Trustee Company shall think fit, namely:

- the relief of poverty, sickness, suffering, distress, incapacity or old age
- the advancement of education
- training in Christian and moral principles
- the assistance of those in need of protection

## MESSAGE FROM OUR TERRITORIAL COMMANDER



It gives me great pleasure to present this annual report to you. It is a remarkable story of endeavour and achievement.

Here you will find The Salvation Army in action throughout the UK and Republic of Ireland Territory. We are a Christian church inspired and guided by our faith; and we seek to live out that faith in service to suffering humanity.

Our mission puts us on the front line against many of the UK's biggest social problems, including homelessness, poverty, social exclusion, human trafficking and drug and alcohol addictions. Our deep commitment to serving people in need means that we will never 'walk by on the other side'. Nor will we offer people short-term relief from suffering and then walk away. Instead we work for as long as it takes to help people get to the root of their problems and find lasting solutions.

We recognise that many of the problems we are dealing with are complex. They require highly professional, nationally co-ordinated services to respond to them effectively. A very high level of expertise is needed to help people break free from addictions; or to recover from the horrors of modern slavery; or to regain their self-belief after a long period of unemployment. It is this professional, expert help that The Salvation Army Social Work Trust provides.

At the same time, we recognise that something more is needed – imagination. Whether it is widening opportunities for disabled people, caring for people living with dementia, or creating opportunities for homeless people to rebuild their lives, we are often the innovators – the people who blaze a trail for others to follow.

I hope you will enjoy reading about the many services we provide and the massive impact they are having on so many people's lives.

May I thank everyone who has contributed to another year of transformative action. I am immensely proud of the work that is being done in our social services by people whose skill, commitment and compassion are nothing short of heroic. I am also deeply grateful to everyone who has been able to donate to our social services work. Without your generous support we quite simply couldn't do what we do.

Thank you and God bless you.

A handwritten signature in black ink that reads "Anthony Cotterill".

**Anthony Cotterill**  
**Commissioner**  
**Territorial Commander**

Commissioner Anthony Cotterill was appointed leader of The Salvation Army UK Territory with the Republic of Ireland in August 2018

## WHAT WE DO

- We provide single homeless people, homeless families and people suffering from addictions with high-quality residential accommodation, care and support, encouraging their ability to live independent and positive lives.
- We provide vulnerable older people, particularly those with limited resources, with residential care which recognises individuality and the spiritual dimension to life.
- We provide unemployed people, including those in our residential homelessness centres, with back-to-work schemes through Employment Plus.
- We provide victims of modern slavery and human trafficking with transport and a safe place to stay while they recover their dignity and build new lives.
- We unite families who have lost contact and help to bring about happy reunions.
- We support the emergency services at major incidents, providing refreshments for staff and help to victims.
- We work in partnership with local authorities and other agencies where relevant to provide the best outcomes for our service users.
- We speak with national and local government to influence policy on issues affecting our service users.

## STRATEGY

The Salvation Army is a church and charity that doesn't just help people by providing immediate, practical support to overcome issues such as addiction, homelessness, social isolation or poverty, it also strives to address the reasons behind the suffering, with a view to affecting sustainable change in individuals and society at large.

What sets The Salvation Army apart from other organisations is that we have the combined strength of our centrally co-ordinated social work services and our locally co-ordinated churches and community centres which are all playing their part to bring about positive change.

Our Social Work Trust is the charitable registration through which we allocate and manage funds for our (principally) residential centres and centrally co-ordinated operations. Our strategy has been to ensure the work of these centres is effective and efficient, compliant and as transformative and as supportive as possible and that all we do starts with the people we serve. That is why in addition to statutory funding we are committed to deploying Salvation Army funds to provide the best possible services we can, in order to achieve the best outcomes for the people in our care.

While we have ongoing contractual commitments which it is our mission to meet, we are always looking to ensure opportunities for us to make additional differences are identified, assessed and when possible seized. Our strategy therefore is one of controlled and best possible ongoing delivery, and at the same time, a disciplined ambition to do as much as we can in ways that are as meaningful and innovative as we can, in as much of the UK as we can. As we look forward, for as long as we can afford to, we will commit to identifying additional opportunities to deliver services.

The Salvation Army provides centrally co-ordinated support services – such as HR, finance, property, IT, PR and media support. This approach enables us to be efficient and effective in the use of resources. In recent years, every part of The Salvation Army in the United Kingdom has been encouraged to work towards four strategic priorities – Transformation, Integration, Discipleship and Effectiveness. Known as TIDE, these shared priorities have helped to focus on key outcomes while still retaining the priority for people in their local communities.

This report illustrates just some of the innovations and developments we have implemented in the last year as we work to deliver our mission and strive to achieve our vision. We are blessed to have the resources to operate in this way and we believe – and know – that our approach helps transform the lives of thousands of people every day.

## MOVING FORWARD

The cost and effectiveness of centralised support services are being closely reviewed. A review of the Fit For Mission change process was undertaken. This review identified a number of centrally delivered services in need of improvement. Moving forward, the necessary changes are being addressed by a People Strategy being developed, an external review of property services is underway and a strengthening of IT systems with the roll out of Microsoft Office 365 planned in the coming year.

## OUR STRUCTURE

The Salvation Army, founded in 1865 by William and Catherine Booth, is an unincorporated association with charitable objects, currently operating in more than 130 countries. Under Section 4(1) of The Salvation Army Act 1980, world leadership of The Salvation Army is provided by The General of The Salvation Army. The General is assisted by officers and staff based at International Headquarters in London. August 2018 saw a new General come into office – Brian Peddle who was formerly Chief of Staff of The Salvation Army. Before that he and his wife Rosalie served as leaders of their home territory, Canada and Bermuda. Prior to that he was a director of SATCo from 1 June 2009 to 30 June 2011.

The United Kingdom Territory with the Republic of Ireland is under the command of a Territorial Commander, appointed by the General and responsible to him/her for the day-to-day administration of Salvation Army work throughout the British Isles, including the Channel Islands, the Isle of Man and the Republic of Ireland. Commissioners Anthony and Gillian Cotterill were appointed the new leaders of The Salvation Army in the UK and Republic of Ireland on 1 August 2018. The couple's past service includes periods of leadership in Denmark and Greenland. Commissioner Anthony Cotterill was previously a director (trustee) of SATCo from 10 September 2010 to 24 July 2014.

The Salvation Army in the UK seeks to be an integrated, yet diverse, organisation that contributes to the betterment of society in the service of God and people. Legally and financially we are structured under two main trusts. These are:

- The Salvation Army Trust
- The Salvation Army Social Work Trust, whose accounts are contained in this report

Therefore, we publish two separate reports and accounts. This document is the annual report and accounts for The Salvation Army Social Work Trust. Together both trusts reflect the life and work of The Salvation Army as a whole and exist to enable effective management and accountability for the two main ways in which we work.

## HOMELESSNESS

Homelessness continues to be a critical issue across the UK. Some estimates put the numbers of homeless people as high as 320,000. At the same time, the increase in the number of rough sleepers is clearly visible on our streets. In autumn 2018, the total number of people estimated to have slept rough in England on a single night was 4,677, an increase of 165 per cent since 2010.

The Salvation Army has been at the forefront of efforts to reduce homelessness and support homeless people since its earliest days. We operate over 80 supported accommodation services – called Lifehouses – across the UK and the Republic of Ireland. Lifehouses are more than just a place to stay – they are places where people can find the encouragement, the advice and the practical support they need to rebuild their lives.

We have had a number of challenges to deal with over the course of the year. Our contract in Coventry which requires us to work with homeless families has seen need increase from 239 families to 337 by the end of the year and it continues to increase. The Salvation Army finds accommodation for each family and is often required to subsidise the cost of the accommodation totalling hundreds of thousands of pounds. We also face increasing reductions in funding which result in us losing tender opportunities.

■ **Our New Five-Year Plan.** In 2018 we launched our Strategic Mission Plan for homelessness services for the period 2019-23. The new Plan places particular emphasis on empowering homeless people, so that they have the opportunity to release their potential. It also aims to expand our homelessness services to meet the needs of homeless people and to deliver value for money by achieving the best possible outcomes for the people we support.

■ **Life-Changing Support.** The UK Government Minister at the Wales Office, Lord Bourne, visited our Tŷ Gobaith Lifehouse in May 2018 to see this remarkable centre in action. He spoke to staff and residents about the ways we work to help homeless people get their lives back on track. One of the residents who believes that The Salvation Army has completely transformed his life is Andy. He said: 'I took drugs and was a pain to people all my life but now I'm free of drugs and I feel like I'm part of the world again. Nobody else was able to help me come off drugs, but the staff here are like your family. The support they give you is amazing.'

■ **The Wellbeing Burger.** You may not think that giving people burgers would improve their lives – but the Wellbeing Burger doesn't have a single calorie. It was introduced in 2018 at Abbott Lodge, a Salvation Army Housing Association housing facility in Salford, as a way of helping residents improve their mental health. Residents are encouraged to design their own 'virtual burger' in which each ingredient represents an aspect of their needs. The 'burger' helps residents to identify aspects of their life where changes are needed, and our team sit down with them regularly to see how well they are meeting their personal goals.

■ **Building Teamwork.** Playing sports can be important to people who have been homeless, because it boosts their morale, improves their social skills and helps to keep them healthy. Every year teams from Salvation Army Lifeshouses play in the Partnership Trophy, the annual homelessness football tournament – and this year Kelly Smith MBE, the UK's greatest female footballer, was a guest at the tournament. She was amazed by the spirit of the people she met. She said: 'A lot of people here today struggled with drugs or alcohol. But they're out here with a smile on their face. You forget about your problems when you're playing as a team.'

■ **Let There Be Music.** Part of the work we do at our Lifeshouses is to give people back the sense of pride and achievement they may have lost while they were homeless. Our Booth Centre Lifeshouse in Southampton is hoping to do this by interesting residents in music. In October 2018, we appealed for musicians to volunteer to run music sessions and for people to donate percussion instruments such as bongos, tambourines and maracas which the residents can learn to play. It's early days yet, but we are hoping this new initiative will enrich the lives of our residents and help them feel more confident in their ability to learn new skills.

### **Moving forward**

We will continue to work towards the objectives of our five-year plan. We will continue to build on opportunities to operate in a strategically responsive way to build on our portfolio of residential care and support.

## ADDICTIONS AND SUBSTANCE ABUSE

The growing epidemic of drug taking and addiction has been apparent for many years, but it was highlighted dramatically in September 2018 when a huge increase was reported in ambulance call-outs to people who have taken the dangerous synthetic cannabinoid spice.

The Salvation Army has unique experience of working with people with addiction problems, and we are responding to the drugs crisis at every level. The Salvation Army has three specialist addiction centres as well as a vast array of outreach services, corps and community services that also provide support with addictions.

■ **Scotland Drug and Alcohol Strategy.** In Scotland, which has the highest drug death rate in Western Europe, we are continuing to reach out to people with addictions through this Strategy, which started in 2013. This project aims to help communities overcome the effects of drug and alcohol misuse and aid long-term recovery. It provides support centres in four corps buildings across Scotland – in Aberdeen, Greenock, Stenhousemuir and Stirling – all of which house specialist drug and alcohol support workers.

■ **Peer Support for People with Addictions.** In May 2018 we launched a ground-breaking new project at our Wallace of Campsie Lifehouse in Glasgow. The aim is to give people with drug and alcohol problems the confidence to seek help. Two ‘peer supporters’ – people from the local community who have themselves come through drug and alcohol issues – are working with the residents to help them find the best advice and support.

### Moving forward

Our addictions and substance abuse work depends on quality evidence through cutting-edge research.

## MODERN SLAVERY

Here and now in the UK, thousands of people are being sold and exploited as slaves. Many are forced to work in the sex trade. Some are forced into crime. Others work for little or no pay in places like restaurants and car washes.

The Salvation Army is fighting this terrible evil. Under a UK Government contract, we give specialist support to all adult victims of modern slavery in England and Wales and their dependents who are referred by the Government. The services we provide include sheltering them in a safe house where required, emotional support, counselling, access to legal and medical support and advice on housing and employment.

The number of people referred to The Salvation Army's specialist support for victims of modern slavery grew to 1,856 between July 2017 and June 2018 – up 19% on the previous year. The majority are people from overseas who have been lured into slavery by trickery and false promises. In the past year we have helped and supported people from 86 different countries. However, a surprisingly large number are vulnerable British people who have fallen prey to gangs.

For further information, visit – [www.salvationarmy.org.uk/modern-slavery-statement](http://www.salvationarmy.org.uk/modern-slavery-statement)

■ **Voluntary Support.** Our specialist support for victims is provided by professional staff, but increasingly, trained volunteers are supporting us in specific ways. Volunteers called First Responders help to resettle victims after they have been rescued, for example by collecting and transporting them to a safe house. Through their calm and friendly presence, they help to reassure newly rescued victims who may be frightened or confused. We also have other volunteers who work to raise awareness in their own communities and help people detect the signs that modern slavery is happening.

■ **Victim Care Fund.** Our Victim Care Fund is another key element of the support we give to people who have experienced modern slavery. This charitable fund, which is over and above the support we provide under our Government contract, helps people with essentials such as clothing for them and their children, maternity and baby items, and household items such as furniture which they will need to set up new homes.

■ **Drug and Alcohol Use.** Forcing victims of modern slavery to take drugs and alcohol is one of the ways that human traffickers keep them dependent and helpless – and often when they come to us for support, victims have substance abuse problems which need urgent attention. In July 2018, a report commissioned by The Salvation Army and the West Midland charity, Black Country Women's Aid, showed the full extent of the link between modern slavery and drugs. It also showed that people who already have a substance misuse problem are particularly vulnerable to human traffickers.

■ **Anti-Slavery Day.** The Salvation Army took advantage of Anti-Slavery Day in October 2018 to highlight the scale of modern slavery in the UK today. We invited people to stand with us against modern slavery by wearing a special temporary tattoo and joining our campaign online. All donations from this day of action went to the Victim Care Fund to support people recovering from modern slavery.

■ **Soap Storyline.** In March 2019, the producers of *Coronation Street* announced that they would be introducing a storyline to explore the issue of modern slavery. Researchers have been working with The Salvation Army to make sure the story is authentic. Kate Betteridge, Director of Anti-Trafficking and Modern Slavery for The Salvation Army, commented: ‘We hope that this story will help more people to realise the reality of modern slavery and also the importance of being aware of suspicious signs around us. In this way lives can be saved.’

### **Moving forward**

We will continue to deliver services in line with the Home Office contract and we commit to the appropriate development of survivor support programmes, raising awareness of modern slavery and improving access for survivors to specialist services, and providing additional support through the Victim care Fund.

## **UNEMPLOYMENT**

Everyone needs a sense of purpose in their lives, and long periods of being unemployed can rob many people of their sense of self-worth, which is why The Salvation Army considers that finding ‘work for all’ is an essential part of our mission. The support we provide for people looking for work, through our Employment Plus centres, is nationally co-ordinated and highly professional.

At Employment Plus centres across the country, we give people who are struggling to find work the information and guidance they need, together with internet access to apply for jobs or training. However, what is truly exceptional about Employment Plus is the high level of care and support people receive from the moment they come to their local centre – support which builds their confidence and faith in themselves and which continues even after they have found work.

Last year our Employability Professionals supported a caseload of 2,769 job seekers. We achieve on average 30% of our caseload entering employment and of those 60% sustaining that employment for six months or more.

In addition to this we have provided 1,100 clients a nine-week motivational coaching programme through the Work and Health Programme. Clients come to us to address challenges with money management, housing and tenancy sustainment, healthy relationships and meaningful use of time.

■ **A Plus for Oldham.** One of our newest Employment Plus centres is in Oldham. It was opened in October 2018 by Debbie Abrahams, the MP for Oldham East and Saddleworth, who said: ‘Today has allowed me to see the many innovative ways The Salvation Army is engaging with its culturally diverse community to successfully move people into good employment.’

■ **A Way Back Into Work.** Karen from Newport sang the praises of Employment Plus at a meeting of the Institute of Employability Professionals in January 2019. She told the meeting: ‘I was a full-time carer for my mother until she passed away, so for five years I was unable to work. Since coming to Employment Plus, I’ve gained qualifications and that has made me more confident, which has been really helpful when I’ve been to job interviews. I recently had a job interview. It went brilliantly and I’ve been offered a job as a support worker. I would recommend Employment Plus to anyone in Newport who is looking for a job.’

■ **Building Confidence.** In Cardiff, we have joined forces with a local charity called Pedal Power to help unemployed people to build up their confidence and improve their chances of finding work. Pedal Power, which exists to encourage cycling, runs a bicycle repair workshop and a coffee house. They are giving people from our Employment Plus service the opportunity to go on work placements or to volunteer, so that they can learn new skills and experience a real workplace environment.

■ **Overcoming Literacy Barriers.** One of the people whose life has been changed by Employment Plus is 25-year-old Dan. He struggles with reading and writing, which has made it hard to find a suitable job. For a long time he was also homeless and ‘sofa surfing’. But after coming regularly to Employment Plus for several months, he has found a job and he’s saving up to put a deposit on a flat. Dan told us: ‘Being unemployed can make you feel worthless. So when I came to The Salvation Army, the main thing I needed was to get my confidence back. Sadie, my Employment Plus adviser, has really encouraged me to feel that I can make a success of my life.’

### **Moving forward**

We will continue our commitment to tackling the barriers to employment and support the work of the Employment Plus programmes.

## **DISABILITY**

At the very heart of The Salvation Army’s faith is the belief that every human being is unique and of infinite worth. We want disabled people to enjoy the best possible opportunities to make the most of their abilities – and we are ready and willing to invest in facilities and training programmes that will give them these opportunities, as you will see when you read on.

■ **Strawberry Field.** The new Strawberry Field training centre in Liverpool is one of the biggest and most ambitious projects we have undertaken for many years. The new development is on the two-acre site immortalised in the Beatles song ‘Strawberry Fields Forever’. As the site of a former Salvation Army children’s home, we want Strawberry Field to be true to its tradition of supporting young people. So we are creating a new training centre there for young people with learning difficulties, where they can learn skills, build their self-confidence and achieve their full potential.

Alongside the training centre will be a visitor experience that tells the story of the Salvation Army home that once stood here, and the part that Strawberry Field played in the life of John Lennon and the Beatles. The visitor facilities, including a café, shop and garden, will offer valuable work experience to our trainees, as well as raising funds for the training centre.

The Strawberry Field project has been warmly supported by the people and businesses of Liverpool and it is now well on the way to completion. In July 2018 the project took another step forward when John Lennon's sister Julia Baird and Lady Martin OBE, the wife of the late record producer and 'Fifth Beatle' Sir George Martin, broke the ground to start the building work. Subsequent to the end of the financial year, the Strawberry Field site opened in September 2019 and has already won its first award after being named Tourist Attraction of the Year at the inaugural Staycation Awards.

■ **Steps to Work.** In conjunction with the Strawberry Field project, The Salvation Army and The City of Liverpool College have joined together to create training opportunities for young adults with learning disabilities. The Steps to Work scheme, which was launched in October 2018, offers them the opportunity to gain skills and work experience, so that they can increase their employability. It combines classroom-based learning and work experience and students will have the chance to gain recognised qualifications. When Strawberry Field opens in 2019, Steps to Work will be based there.

■ **The Salvation Army Fellowship of Endeavour (SAFE).** SAFE is an association which supports people with special needs as well as their carers and families. One of its best-loved events is its Summer School of Arts. Held at the National Star College in Cheltenham, it encourages young people with learning disabilities to develop their sensory skills, play a range of instruments including drums and handbells, and improve their physical co-ordination through crafts, swimming, team games, puppetry and dance. The 2018 summer school was another great success, with 43 young people being supported by 44 trained assistants.

■ **Training Disabled Adults.** The Salvation Army has received funding from a charitable trust to help fund a job coach for adults with disabilities. The post is based at the George Steven Centre in Kilbirnie, West Scotland, which is a Salvation Army day centre for adults with learning disabilities. The coach is able to advise people about their training needs and offer one-to-one training to people who need it. The post has existed for some time and has made a big difference to people at the centre as their skills have increased, but until the trust agreed to help, its future funding was at risk.

## Moving forward

The Strawberry Field centre opened in 2019 and we commit to delivering and if possible expanding our Steps to Work programme within the Liverpool community and with employers to help young people have the very best opportunity to start work and start a career.

## OLDER PEOPLE

The Salvation Army firmly believes that later life should be a time of fulfilment for older people, regardless of their state of health. Far from being a time when people give up their active lives, it should offer new activities, new experiences and, very importantly, new friendships. Nationally we offer a range of services to improve the quality of life for older people, including 12 residential care homes and adult day centres across the United Kingdom and the Republic of Ireland.

One of our highest priorities is to ensure that people living with dementia should have the best possible quality of life. That is why our residential care homes are increasingly adopting innovative ways to make people with dementia feel at ease and keep them mentally active.

■ **Living Better with Dementia.** The Eva Burrows Centre on the edge of Glasgow is one of many Salvation Army centres which provide specialist care for people living with dementia. That includes doing all we can to stimulate their minds. Right from the time when people first come to our centre, our staff devote a great deal of time to getting to know them, finding out about their past lives, and discovering what they enjoy, including the music they love.

Often it can be very comforting and mentally stimulating for people with dementia to reconnect with the past. We have a Reminiscence Room which looks like a home from the 1950s, with a TV, telephone, furniture and photos all from that time.

None of this can stop dementia – but very often it can keep people’s memories active for longer and give them a happier life. As our centre manager Sandra says: ‘You’ve got to go into their world and then you can see them smile.’

■ **Creating a Happy Place.** At our Sir Samuel Kelly Memorial Care Home just outside Belfast, we have replaced the old décor with a 1960s Hollywood-style look, complete with rooms that resemble little cottages, a cinema, hair salon and village shop. For residents, especially those living with dementia, this is a warm and familiar environment that they can relate to. The warmth of the surroundings also reflects the friendly, family atmosphere that people find here. Doreen, whose sister Sally is at the Sir Samuel Kelly home, says: ‘There’s real love from The Salvation Army towards residents and families. It gives you peace of mind that she’s looked after and I wouldn’t have her anywhere else.’

■ **Older People in Prison.** The prison population is ageing rapidly. The number of octogenarians serving time has almost doubled in the past few years, with some prisoners being well into their nineties. In response, we have brought together the skills of two groups of people – our Prisons Team and Older People’s Team – to give older prisoners the support they need. At HMP Wynott, we have set up a centre specially for older prisoners, with particular support being given to those who are living with dementia. This initiative has won national recognition, and is being rolled out to some other prisons.

■ **Speaking Out Over Adult Social Care.** The Salvation Army is deeply concerned about shortcomings in the funding of social adult care – and in 2018 we went to all the main party conferences to get our message across. We are concerned that the funding gap for social care – the gap between what the care costs and what the local authorities are prepared to pay for people who don't have their own financial resources – is getting bigger. We are also concerned that the present system does not meet the needs of the 25 per cent of over-75-year-olds who rent their home. Elaine Cobb, our Director of Older People Services, said: 'We need proposals which recognise the true cost of care and offer equal care for equal need.'

### **Moving forward**

We commit to our programme of refurbishment of our portfolio of care homes to ensure they enable us to meet the highest standards of care delivery. We will continue to speak out through the media on adult social care to ensure fairness and respect and equality. We will lobby the Government to urgently implement its plans to address the crisis in Adult Social Care.

## **SUBSIDIARIES**

The Salvation Army works in harmony with its subsidiary Salvation Army Housing Association (saha).

saha operates nationally in 85 local authorities across England and has five main areas of operation:

1. Agency Managed Centres (1,728 bed spaces)  
saha works in partnership with a number of organisations nationally to provide a wide range of Agency Managed Supported Housing services.
2. General Needs (1,336 homes)  
saha has a range of accommodation mainly for single people; and also flats and houses for families.
3. Accommodation for the over-55s (293 bed spaces)  
Accommodation comes with specialist services for those over the age of 55, including a scheme manager providing on-site support.
4. Directly Managed Supported Housing (580 bed spaces)  
saha has three Foyers, housing young people between the ages of 16 and 25, one supported housing direct access accommodation for those over the age of 16, two accommodation centres for young mothers in East Essex and one scheme for people with mental health issues.
5. Registered Care Homes (58 bed spaces)  
saha manages a number of registered care homes, both directly and working with the parenting agency to provide support and care for clients in a residential environment.

saha manages over 855 residential properties on behalf of The Salvation Army, providing a housing management service throughout the country.

## RAISING FUNDS

The income streams for The Salvation Army Social Work Trust consist mainly of statutory funding, income from the sale of assets and income from legacies and donations which have been specifically made to and received directly by this trust.

Fundraising for the overall work of The Salvation Army, including the work carried out by The Salvation Army Social Work Trust, is carried out and funded by The Salvation Army Trust, a separate charity from The Salvation Army Social Work Trust whose report and accounts form a sister publication to these reports and accounts. The Salvation Army Trust makes a grant to The Salvation Army Social Work Trust, based on funding needs.

This grant is agreed in advance as part of the budgeting process and the actual value of the grant made during the year appears in The Social Work Trust as 'Grants Receivable: The Salvation Army Trust'.

No active fundraising is carried out by The Salvation Army Social Work Trust.

## REVIEWING FINANCES

### Income

	2019	2018
	£m	£m
Charitable activities:		
Centres' revenue income	73.5	64.4
Other social operations	23.8	20.4
Housing association turnover	28.5	27.5
	<b>125.8</b>	<b>112.3</b>
Legacies and donations	6.7	5.7
Grants from The Salvation Army Trust	19.6	13.9
Investment and rental income	2.6	3.0
Other income	0.3	0.6
<b>Total income</b>	<b>155.0</b>	<b>135.5</b>

### Centres' revenue income

The main elements are:

- charges for residents in our care homes for older people (£13.9 million)
- charges for residents in our Lifehouses (£29.2 million)
- income received under contracts with local authorities, principally Supporting People contracts (£25 million)

## **Other social operations**

The main elements are:

- Employment Plus (£1.3 million)
- Anti-Trafficking (£22.3 million)
- Defence Services (£0.1 million)

Our Employment Plus team provides services to help unemployed people into work through several Work Programme contracts where The Salvation Army is a subcontractor. Income fluctuates as it is dependent on the number of referrals and also on clients securing and retaining employment.

We provide support to the victims of modern slavery under a contract with the Ministry of Justice. The demand for this service has increased year on year.

## **Housing Association turnover**

This represents the turnover of The Salvation Army Housing Association (saha), a wholly owned subsidiary of the Social Work Trust, adjusted to reflect the accounting policies and reporting requirements of the Social Work Trust.

## **Legacies and donations**

Legacies of £4.2m and donations of £2.5m were received in the current year.

## **Grants from The Salvation Army Trust**

The Salvation Army Trust provide financial support to the Social Work Trust. This includes the Big Collection Appeal which is an annual door-to-door appeal by corps (church) members specifically for social work programmes.

## **Other income**

This relates to gains on the disposal of properties.

## Expenditure

	2019	2018
	£m	£m
Charitable activities:		
Centres' operations	105.3	86.5
Other social operations	27.8	22.4
Housing association operating costs	29.9	29.6
	<b>163.0</b>	<b>138.5</b>
Cost of raising funds	0.7	0.7
<b>Total expenditure</b>	<b>163.7</b>	<b>139.2</b>

## Centres' operations

This represents the operating costs of care homes for older people, Lifehouses, detox centres, day care centres and other non-residential projects. Increased costs reflect significant increased activity at certain centres.

## Other social operations

The increased costs reflect the increase in the number of victims of trafficking being helped by our service as well as Employment Plus and Family Tracing.

## Net gains/(losses) on investments

There has been an unrealised gain on investments of £7.5 million (2018: loss of £2.3 million).

## Funds

The Social Work Trust (excluding saha results) has generated a deficit of £1.1 million compared to a deficit of £1.5 million in the previous year.

Total funds at the year end were as follows:

	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>(restated) £m</b>
Endowment funds	13.8	12.9
Restricted funds:		
Social Work Fund	64.8	64.9
Social Work projects	46.4	38.5
Defence Services	-	-
saha operations	123.2	126.3
Total restricted funds	234.4	229.7
Unrestricted funds:		
Designated funds	22.3	24.0
Unrealised investment gains	51.4	45.9
General reserve	10.1	23.7
Total unrestricted funds	83.8	93.6
<b>Total funds</b>	<b>332.0</b>	<b>336.2</b>

### Endowment funds

All endowment funds are represented by investment in the Common Investment Funds and the movement is due to the increase in market value of the investments. The capital value of the funds is retained but the income is applied to fund our work.

### Restricted funds

Social Work Fund represents property assets including Lifehouses, care homes and other properties used for the operations of the parent charity. These funds are not therefore available to spend.

All income generated from defence services operations is restricted for this work. Funds restricted for social work projects represent legacies and donations given for specific purposes.

All saha funds are treated as restricted in the group accounts.

## Unrestricted funds

### Designated reserves

These are funds set aside by the directors for capital projects, major repairs and refurbishments and future programmes. These will be used in the next three years to fund new developments and significant refurbishment projects as they are approved.

### Unrealised gains

These are book profits subject to fluctuations in the stock market.

### General reserve

This represents funds which are freely available for the general purposes of the charity.

## RESERVES POLICY

Our reserves policy focuses on the level of general reserves.

We work with vulnerable and disadvantaged members of society, principally through our residential centres. We need reserves so that we can maintain continuity of our services in the event of a decrease in income or unexpected expenditure.

The directors have reviewed the main income streams, the risks associated with them, the main categories of expenditure and the extent to which these can be curtailed if required. A significant proportion of our income is received under contract from local authorities. As such this is subject to regular competitive tendering and to changes in central and local government policies.

The level of general reserves is reviewed on a regular basis taking into account the risks and changes in the income and expenditure streams. The directors consider that the charity requires general reserves of approximately £31 million. As at the year end general reserves amounted to £10.1 million and the directors are currently reviewing the funding of the charity's operations from its restricted and designated reserves and the level of funding from The Salvation Army Trust to allow it to facilitate a movement towards the required level of general reserves.

The levels of designated funds are reviewed annually. These are funds set aside by the directors for new projects and to meet known future commitments such as maintenance of our properties.

## INVESTING FOR THE FUTURE

The charity holds its investments in The Salvation Army Common Investment Funds. These funds were set up under Schedule 2 of The Salvation Army Act 1980 to act as common investment schemes for certain Salvation Army Trusts.

The Salvation Army Common Investment Fund (No 1) consists of permanent endowments which are restricted by the wishes of the donor. In most cases the income is to be used for restricted purposes. The Salvation Army Common Investment Fund (No 2) is operated for those Salvation Army Trusts without permanent endowments. Both funds are managed by The Salvation Army Trustee Company. Cazenove Capital Management manages CIF1 and 50 per cent of CIF2, whilst Sarasin & Partners LLP manage 50 per cent of CIF2.

The funds are subject to The Salvation Army Act 1980 and the following guidelines:

- the principal aim is to invest in a manner consistent with the promotion of the objects of The Salvation Army
- investments should be made on longer-term considerations rather than in the pursuit of short-term gains
- investments may be held in stocks, shares, debentures and other securities quoted on a recognised stock exchange, in government, municipal and public utility stocks and in bank deposit accounts
- investments may be made in collective investment schemes, including those holding real estate assets
- no direct investment may be made in unquoted securities in the UK or overseas
- there will be no investment in companies which derive a material amount of their revenues (% indicated) from the following activities:
  - the production of alcohol (5%)
  - the sale, together with any production, of alcohol (10%)
  - the production of tobacco (5%)
  - the sale, together with any production, of tobacco (10%)
  - the manufacture of whole weapons, weapon platforms and weapon systems (no minimum limit)
  - the manufacture or sale of strategic parts for weapons systems (10%)
  - the business of gambling or providing access to such businesses (5%)
  - the production of adult entertainment services or providing access to such services (1%)
  - the publication or wholesale of pornographic magazines or newspapers (1%)
- investment managers are expected to exclude companies whose activities might reasonably be expected to increase poverty or act against the relief of poverty. The investment managers are required to monitor companies in the portfolios to ensure best practice in corporate governance, employment conditions and environmental sustainability.

The Funds' benchmark and ranges of distribution are as follows:

<b>Asset Class</b>	<b>Benchmark</b>	<b>Range</b>
	%	%
Equities:		
UK	40	+/-10
Europe (ex UK)	15	+/-10
Emerging markets	15	+/-10
Asia Pacific	10	+/-10
United States	10	+/-10
Bonds	0	+/-10
Property	10	+/-10
Cash	0	+10
	<hr/> <b>100</b> <hr/>	

The aims and objectives of the Common Investment Funds are as follows:

### **CIFI**

Fund strategy is:

- to preserve the value of the fund, adjusted for real inflation
- to maintain a steady annual income stream

The performance objective of the Fund is to achieve an annual total return which exceeds the composite benchmark below by at least 1.25 per cent per annum, gross of fees, measured over rolling three-year periods, commencing 1 January 2011.

<b>Asset Class</b>	<b>Performance Benchmark</b>
UK Equities	FTSE All-Share
Europe (ex UK) Equities	FTSE All World Developed Europe (ex UK)
Emerging Markets Equities	FTSE All World Emerging Markets
Asia Pacific Equities	FTSE All World Developed Asia Pacific
United States Equities	S&P 500
Property	IPD UK Property

## CIF2

The Fund strategy is to aim for capital growth rather than income. The performance objective of the Fund, excluding cash and gilts under lien, is to achieve an annual total return which exceeds the composite benchmark below by at least 1.25 per cent per annum, gross of fees, measured over rolling three-year periods commencing 1 January 2011.

<b>Asset Class</b>	<b>Performance Benchmark</b>
UK Equities	FTSE All-Share
Europe (ex UK) Equities	FTSE All World Developed Europe (ex UK)
Emerging Markets Equities	FTSE All World Emerging Markets
Asia Pacific Equities	FTSE All World Developed Asia Pacific
United States Equities	S&P 500
Property	IPD UK Property
Cash and gilts under lien	FTSE Gilts under 5 years

Performance for the year compared to the benchmark was as follows:

	<b>CIF1</b>	<b>CIF2</b>
	<b>%</b>	<b>%</b>
Annual total return (gross of fees)	12.7	9.4
Benchmark return	6.0	6.0

CIF 1 and CIF 2 achieved their performance objectives over the year, producing returns well above benchmark. This was an improvement on the position for 2018. The main driver of the returns was the significant outperformance delivered by Cazenove. Sarasin and the property managers either achieved their performance objectives or produced returns that were considered to be acceptable relative to their benchmarks.

In absolute terms the performance of the Common Investment Funds for the year was as follows:

	<b>CIF1</b>	<b>CIF1</b>	<b>CIF1</b>	<b>CIF2</b>	<b>CIF2</b>	<b>CIF2</b>
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
(Decrease)/Increase in capital value of fund	8.8	0.5	20.0	6.4	0.7	19.7
Average net income return	1.6	2.0	1.7	1.9	2.3	2.0

## STRUCTURE, GOVERNANCE AND MANAGEMENT

The Salvation Army, founded in 1865 by William and Catherine Booth, is an unincorporated association with charitable objects, currently operating in 131 countries. Under Section 4(1) of The Salvation Army Act 1980, world leadership of the Movement is provided by the General of The Salvation Army. The General is assisted by officers and staff based at International Headquarters in London.

The United Kingdom Territory (with the Republic of Ireland) is under the command of a Territorial Commander, appointed by the General and responsible to him/her for the day-to-day administration of Salvation Army work throughout the British Isles, including the Channel Islands, the Isle of Man and the Republic of Ireland.

The Salvation Army's property in the United Kingdom Territory is held by The Salvation Army Trustee Company (SATCo), a company limited by guarantee, registered in England (No 00259322), with its registered office at 101 Newington Causeway, London SE1 6BN. The governing document of The Salvation Army Trust is The Salvation Army Act 1980, as amended. Under Section 12(1) (a) The Salvation Army Trustee Company is appointed as the sole ordinary trustee of the trusts listed in Schedule 5 to that Act.

The governing document of The Salvation Army Social Work Trust is the Deed Poll dated 30 January 1891 and a supplementary deed dated 26 March 1969.

The two main trusts under which The Salvation Army in the United Kingdom operates are:

1. The Salvation Army Social Work Trust, whose accounts are contained in this report
2. The Salvation Army Trust, Registration No 214779 in England and SCO09359 in Scotland

The Salvation Army Social Work Trust acts as managing agent for a number of projects on behalf of several registered housing associations, including the Salvation Army Housing Association.

### Salvation Army Housing Association

The Salvation Army Social Work Trust holds one £1 share and exercises effective control over the Salvation Army Housing Association (saha). saha is registered with the Co-operative and Community Benefit Societies Act 2014 and is a registered social landlord regulated by the Regulator of Social Housing.

## RECRUITMENT AND APPOINTMENT OF DIRECTORS (TRUSTEES)

There are 15 directors, 10 by virtue of their appointments within The Salvation Army. One director is a divisional leader responsible for one of The Salvation Army's 22 divisions. There are five external non-executive directors.

Each non-executive director brings expertise in a relevant field – property, finance, fundraising/marketing, investments or social services. The appointment of non-executive directors is made by the General on the recommendation of the Nominations Committee.

### Training and Induction of Directors

The Company Secretary briefs new directors on their legal responsibilities and familiarises them with the Company's governance folder (and previous Board minutes). This includes the articles of association of SATCo, the Charity Commission's essential trustee guidance, and other key documents and policies (including the conflicts of interest policy). The Company Secretary arranges at least one training session each year for directors and delivers a verbal or written governance update on relevant issues at each board meeting. Directors are also informed of and provided with the opportunity to attend several training sessions throughout the year.

### Organisational Structure and Decision Making

SATCo's board (the 'Board') is assisted by an Audit Committee, a Nominations Committee, an Investment Advisory Committee and a Risk Management Committee. The Salvation Army also has a group of senior Salvation Army officers, the Cabinet, many of whom also sit on SATCo, who monitor the spiritual components and the spiritual health of The Salvation Army's work, and who are responsible for certain ecclesiastical matters. The Audit Committee comprises a non-executive director chair and three independent members with a remit to review The Salvation Army's internal and external audit arrangements and consider reports issued by internal and external auditors including the annual financial statements. The role of the Nominations Committee is to recommend new non-executive Board members. The Investment Advisory Committee includes three external advisers in its membership and advises on appropriate investments. The Risk Management Committee is referred to below under Risk Management.

The Board met monthly (excluding August) in this reporting year; it now meets bi-monthly. In addition to its oversight and governance role, the following matters require consideration and approval by the full Board:

- annual budget
- expenditure in excess of £1 million (now £4,999,999 – see below)
- investment policy, on the recommendation of the Investment Advisory Committee
- Risk Register
- key policies
- Annual Financial Statements

A sub-committee of the Board, the Territorial Finance Board, meets weekly. The Territorial Finance Board has delegated authority to authorise expenditure from £250,001 to £1,000,000. Since April 2019, a Territorial Operations Board has replaced the Territorial Finance Board, with authorised expenditure of up to £4,999,999 and a wider responsibility for overseeing the day-to-day operations of The Salvation Army.

During the year the Internal Audit Department reviewed SATCo's performance against the Charity Governance Code for larger charities. The review identified a number of areas in which SATCo is performing well and other areas for development. The areas for development are being taken forward in preparation for another assessment that will take place in the next two to three years.

## **Directors' Responsibilities**

The directors of SATCo are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of The Salvation Army Social Work Trust, and of the income and expenditure for that period. In preparing the financial statements, the directors are required to:

- select and consistently apply suitable accounting policies
- make judgments and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed
- observe the principles of the Charity SORP
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that The Salvation Army Social Work Trust will continue to operate

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of The Salvation Army Social Work Trust, and are required to ensure the financial statements comply with The Salvation Army Act 1980, the Charities Act 2011 and The Charities and Trustees Investment (Scotland) Act 2005. They are also responsible for safeguarding the Trust's assets, taking reasonable steps to prevent and detect fraud and other irregularities.

The directors confirm they have taken account of the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and planning future activities and consider how planned activities will contribute to the aims and objectives set.

## Key Management Remuneration

Key management personnel of The Salvation Army comprise Salvation Army officers and employees. Salvation Army officers do not receive a salary, they receive an allowance based on length of service and, as ministers of religion, are provided with furnished accommodation and a motor vehicle. The allowances received by officers in positions of key management range from £15,177 to £18,965 per annum.

For employees, we are committed to ensuring a proper balance between paying salaries which will enable us to attract and retain staff of the appropriate calibre and careful stewardship of charitable funds. All senior salaries are benchmarked against senior staff salaries of comparable organisations in the not-for-profit sector.

No remuneration of key management personnel is charged direct to the Social Work Trust. Further information is disclosed in Note II to the Accounts.

## Risk Management

The Salvation Army identifies, assesses and manages risks that could impact its activities so it can better achieve its objectives, comply with relevant laws and regulations and safeguard its funds and assets.

The Board (SATCo) has ultimate responsibility for overseeing risk management, in accordance with Charity Commission guidance (CC26). The Board Risk Management Committee (RMC) directs an enterprise-wide risk management programme to inform decision making and ensure effective procedures to identify and evaluate risks and implement effective controls.

Risk management operates through a top-down review by the RMC and bottom-up review by individual functions, enabling the identification and prioritisation of key and emerging risks. The RMC reports to the Board at least twice yearly on key risks and an annual risk management review is conducted.

## Principal Risks

The following were identified as principal risks in 2018/19.

Principal Risks	Mitigation
<b>CYBER SECURITY</b> – The risk is that we fail to protect our information systems and the information they hold from malicious attacks resulting in a security breaches, loss of service, damage to our reputation and fines.	Cyber and information security controls are in place and are regularly reviewed.
<b>DATA PROTECTION</b> – The risk is that we fail to protect sensitive and personal data resulting in regulatory non-compliance, damage to our reputation and financial penalties.	Following the introduction of the General Data Protection Regulation (GDPR), we continue to: <ul style="list-style-type: none"> <li>• Audit and document personal data processing across the Territory for GDPR compliance</li> <li>• Review and enhance policies, procedures and supporting guidance</li> <li>• Provide mandatory data protection training for staff, officers and volunteers</li> </ul>
<b>FINANCIAL SUSTAINABILITY</b> – The risk is that there is insufficient revenue income and reserves to support our operating model resulting in the failure of The Salvation Army to thrive in a rapidly changing environment.	We continue to monitor the funding situation and adjust our financial planning and commitments accordingly to ensure we are financially resilient.
<b>HUMAN RESOURCES</b> – The risk is that we are unable to attract, develop and retain personnel of the right qualities and capabilities to enable The Salvation Army to effectively function and thrive.	The way we recruit is regularly reviewed to help us attract and appoint the best possible candidates. Personnel development programmes and learning tools are in place to facilitate retention and assist our people to develop their skills and capabilities.
<b>SAFEGUARDING</b> – The risk is that we fail to provide a safe environment, free from abuse, for everyone, including vulnerable beneficiaries. This could put people at risk, damage our reputation, reduce donations and result in financial penalties.	We have clear policies and procedures in place for safeguarding and ensure the appropriate screening, training and supervision of personnel. The Territorial Safeguarding Committee oversees management of the risk. The Adults Policy was reviewed in February 2018, and is constantly under review. The Early Years Foundation Stage safeguarding policy was reviewed in February 2019 and a Children’s Policy came into effect in March 2019.
<b>SAFE MISSION</b> – The risk is that we are not able to ensure the health, safety and welfare of personnel, service users and members of the public who are affected by our activities. This could put our personnel and benefactors at risk, damage our reputation and result in regulatory non-compliance and financial penalties.	Comprehensive policies, procedures and guidance are in place, alongside a supervisory control framework. SATCo had a special meeting focusing on safeguarding on 17 April 2018. This was to learn lessons from recent events in the sector and to review SATCo’s legal duties.



**Lieut-Colonel Alan Read (Director)**

**On behalf of the Directors of The Salvation Army Trustee Company  
13 December 2019**

## DIRECTORS

The current directors of The Salvation Army Trustee Company and those who held office during the year are as follows:

Commissioner Lyndon Buckingham .....	Chair (Resigned 02.08.18)
Commissioner Anthony Cotterill .....	Chair (Appointed 02.08.18)
Colonel David Hinton .....	Deputy Chair (Resigned 31.10.18)
Colonel William Lee Graves .....	Deputy Chair (Appointed 09.11.18)
Lieut-Colonel Alan Read .....	Managing Director (SATCo)
Lieut-Colonel Michael Caffull	
Major Judith Hilditch	
Colonel Sylvia Hinton .....	(Resigned 31.10.18)
Colonel Deborah Graves .....	(Appointed 09.11.18)
Lieut-Colonel Paul Main .....	(Resigned 11.05.18)
Lieut-Colonel Alan Burns .....	(Resigned 07.11.19)
Lieut-Colonel Andrew McCombe <sup>1</sup> .....	(Appointed 08.11.19)
Lieut-Colonel Dean Pallant <sup>1</sup> .....	(Appointed 12.04.19)
Lieut-Colonel Michael Highton .....	(Resigned 04.07.19)
Lieut-Colonel Beverly McCombe .....	(Appointed 07.09.18)
Lieut-Colonel David Kelly .....	(Resigned 01.04.19)
Major Noreen Batt <sup>1</sup> .....	(Appointed 08.11.19)
Peter Gale	
Keith Manners .....	(Resigned 01.04.19)
Helen O'Brien	
Philip Sourry .....	(Resigned 08.06.18)
Graham Roper	
Mark Puller .....	(Appointed 07.09.18)
Andrew Stickland .....	(Appointed 13.07.18)

<sup>1</sup> *not in office during period 1 April 2018 – 31 March 2019*

The Chief Secretary, Colonel William Lee Graves, is responsible for the day-to-day management of the charity.

## **Committee Members (current)**

### **Audit Committee**

Andrew Stickland (Chair), John Benias, Stephen Bright, Joseph Ryan

### **Investment Advisory Committee**

Peter Gale (Chair), Mark Colton, William Dalziel, Major Andrew Gaudion, Major Judith Hilditch, Mary Haly, Lieut-Colonel Alan Read, Philip Rotherham, Daniel Wills

### **Nominations Committee**

Peter Gale, Colonel William Lee Graves, Lieut-Colonel Alan Read, Elliot Thomas

### **Risk Management Committee**

Helen O'Brien (Chair), Lieut-Colonel Andrew McCombe, Major David Jackson, Lieut-Colonel Beverley McCombe, Lieut-Colonel Dean Pallant, David Rice, Lieut-Colonel Alan Read, Major Howard Russell, Joseph Ryan, Elliot Thomas, Daniel Wills, Julius Wolff-Ingham

## **Company Secretary**

Elliot Thomas is Company Secretary of The Salvation Army Trustee Company.

## **ADVISERS**

### **Bankers**

Reliance Bank Limited, Faith House, 23/24 Lovat Lane, London EC3R 8EB

### **Auditors**

Knox Cropper LLP, Chartered Accountants, 65 Leadenhall Street, London EC3A 2AD

### **Solicitors**

England and Wales: Slaughter and May, 1 Bunhill Row, London EC1Y 8YY

Scotland: Blackadders, 5 Rutland Square, Edinburgh EH1 2AX

### **Investment Advisers**

BWCI Consulting Limited, PO Box 68, Albert House, South Esplanade, St Peter Port, Guernsey GY1 3BY

### **Investment Managers**

Cazenove Capital Management, 12 Moorgate, London EC2R 6DA

Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London EC4M 8BU

Legal & General Investment Ltd, One Coleman Street, London, EC2R 5AA

# Independent Auditor's Report to the Salvation Army Trustee Company, the Managing Trustee

## Opinion

We have audited the consolidated financial statements of The Salvation Army Social Work Trust Group for the year ended 31 March 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Balance Sheets, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- a) give a true and fair view of the state of The Salvation Army Social Work Trust group and parent charity's affairs as at 31 March 2019 and of the group's incoming resources and application of resources, for the year then ended;
- b) have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- c) have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustees Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

## Basis for 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 charity 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

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

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

## 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 trustee is 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.

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

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 and the Charity Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the information given in the Trustee's Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; 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.

## Responsibilities of trustee

As explained more fully in the trustee's responsibilities statement, the trustee is 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 trustee determines 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 trustee is responsible for assessing the charity'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 trustee either intends to liquidate the charity or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 144(1) of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken, so that we might state to the charity's 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 charity and the charity's trustees as a body, for our audit work, for this report or for the opinions we have formed.

**65 Leadenhall Street  
London EC3A 2AD**

**13 December 2019**



**Knox Cropper LLP  
Chartered Accountants  
Registered Auditors**

Knox Cropper LLP is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

# The Salvation Army Social Work Trust Financial Statements

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2019

		Endowments	Restricted	Unrestricted	2019 Total	2018 Total restated
	Note	£000	£000	£000	£000	£000
<b>INCOME AND ENDOWMENTS FROM:</b>						
<b>Donations and Legacies</b>						
Grants receivable: The Salvation Army Trust		-	-	19,607	19,607	13,858
Donations		-	1,959	548	2,507	1,754
Legacies		-	3,789	418	4,207	3,940
		-	5,748	20,573	26,321	19,552
<b>Charitable Activities</b>						
Centres' operations	2	-	2,936	70,615	73,551	64,418
Other social operations	3	-	14	23,749	23,763	20,369
Housing Association turnover	13(a)	-	28,520	-	28,520	27,527
		-	31,470	94,364	125,834	112,314
Investments	4	-	93	2,525	2,618	2,959
<b>Other</b>						
Gains on disposal of fixed assets	5	-	259	39	298	632
<b>TOTAL INCOME</b>		<b>-</b>	<b>37,570</b>	<b>117,501</b>	<b>155,071</b>	<b>135,457</b>
<b>EXPENDITURE ON:</b>						
<b>Raising Funds</b>						
Fundraising activities	6	-	-	700	700	700
Investment management costs		-	-	50	50	47
		-	-	750	750	747
<b>Charitable Activities</b>						
Centres' operations	8	-	2,436	102,892	105,328	86,493
Other social operations	9	-	371	27,401	27,772	22,419
Housing Association operating costs	13(a)	-	29,906	-	29,906	29,636
	7	-	32,713	130,293	163,006	138,548
<b>TOTAL EXPENDITURE</b>	10	<b>-</b>	<b>32,713</b>	<b>131,043</b>	<b>163,756</b>	<b>139,295</b>
Net Gains/(Losses) on Investments	17	852	1,081	5,574	7,507	(2,254)
<b>NET INCOME/(EXPENDITURE)</b>		<b>852</b>	<b>5,938</b>	<b>(7,968)</b>	<b>(1,178)</b>	<b>(6,092)</b>
Transfers between Funds *	22/23	-	1,730	(1,730)	-	-
Other Recognised Gains/(Losses)		-	-	-	-	-
Actuarial Gains/(Losses) on Defined Benefit Pension Schemes	12(c)	-	(3,009)	-	(3,009)	-
<b>NET MOVEMENT IN FUNDS</b>		<b>852</b>	<b>4,659</b>	<b>(9,698)</b>	<b>(4,187)</b>	<b>(6,092)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total Funds brought forward (as restated see note 13(b))	21/22/23	12,965	229,722	93,527	336,214	342,306
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>13,817</b>	<b>234,381</b>	<b>83,829</b>	<b>332,027</b>	<b>336,214</b>

All income and expenditure has arisen from continuing activities. £1,071k of the net expenditure of funds disclosed above arises in the parent charity (2018: net expenditure of £1,513k). Transfers between funds arise from property transactions, because all funds expended on property assets are reflected as restricted funds, net of funding of homelessness and older people's services centres from legacy funds.

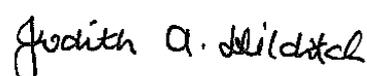
# BALANCE SHEET AS AT 31 MARCH 2019

	Note	Group		Parent	
		2019 £000	2018 restated £000	2019 £000	2018 £000
<b>FIXED ASSETS</b>					
Tangible Fixed Assets					
Properties	14	190,769	189,356	64,808	64,941
Property schemes in progress	15	10,456	7,193	9,055	3,519
Motor vehicles and equipment	16	996	1,168	156	261
Investments	17	136,643	127,589	107,643	101,089
<b>TOTAL FIXED ASSETS</b>		<b>338,864</b>	<b>325,306</b>	<b>181,662</b>	<b>169,810</b>
<b>CURRENT ASSETS</b>					
Stocks		105	76	105	76
Debtors and prepayments	18	16,620	16,445	14,436	15,132
Short-term deposits		20,146	20,094	20,146	20,094
Bank balances and cash		16,821	35,340	6,270	15,813
		53,692	71,955	40,957	51,115
CREDITORS: Amounts falling due within one year	19(a)	(21,646)	(28,289)	(13,757)	(10,992)
<b>NET CURRENT ASSETS</b>		<b>32,046</b>	<b>43,666</b>	<b>27,200</b>	<b>40,123</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>370,910</b>	<b>368,972</b>	<b>208,862</b>	<b>209,933</b>
Creditors: Amounts falling due outside one year	19(b)	(33,835)	(32,758)	-	-
Defined Benefit Pension Scheme Liability	12(c)	(5,048)	-	-	-
<b>TOTAL NET ASSETS</b>		<b>332,027</b>	<b>336,214</b>	<b>208,862</b>	<b>209,933</b>
<b>FUNDS</b>					
Endowment Funds	21	13,817	12,965	13,817	12,965
Restricted Funds	22				
Social Work Fund		64,808	64,941	64,808	64,941
Other Restricted Funds		169,573	164,781	46,408	38,500
		234,381	229,722	111,216	103,441
Unrestricted Funds	23	83,829	93,527	83,829	93,527
<b>TOTAL FUNDS</b>	24	<b>332,027</b>	<b>336,214</b>	<b>208,862</b>	<b>209,933</b>

Approved on behalf of The Salvation Army Trustee Company on 13 December 2019 by:



**Lieut-Colonel Alan Read (Director)**



**Major Judith Hilditch (Director)**

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

		2019	2019	2018	2018
	Note	£000	£000	restated £000	restated £000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Net Cash provided by/(used in) operating activities	25		1,350		(568)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Investment and rental income		2,618		2,959	
Additions to properties		(2,598)		(522)	
Additions to motor vehicles and equipment		(1,052)		(652)	
Additions to property schemes in progress		(8,253)		(4,726)	
Proceeds on disposal of motor vehicles and equipment		23		-	
Purchase of investments		(1,547)		-	
Proceeds on disposal of properties		978		858	
Management of short-term deposits		(52)		7,077	
Net Cash provided by investing activities			(9,883)		4,994
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Interest payable		(1,416)		(1,456)	
(Decrease)/Increase in Bank Loans		(8,570)		(2,091)	
Net Cash provided by/(used in) financing activities			(9,986)		(3,547)
Change in Cash and Cash Equivalents in the year			(18,519)		879
Cash and Cash Equivalents at the beginning of the year			35,340		34,461
<b>Cash and Cash Equivalents at the end of the year</b>			<b>16,821</b>		<b>35,340</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## I. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements for the Social Work Trust, which have been consistently applied (except where indicated), are as follows:

### (a) Basis of Accounting

The financial statements have been prepared under the historical cost convention, subject to the inclusion of certain financial instruments at fair value and donated properties at valuation on acquisition, and are in accordance with the Charities SORP (FRS 102) '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 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', The Salvation Army Act 1980, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

The Trust constitutes a public benefit entity as defined by FRS 102.

The Trustee considers that there are no material uncertainties about the Trust's ability to continue in operational existence for the foreseeable future and, therefore, continues to adopt the going concern basis in preparing these financial statements.

### (b) Basis of Consolidation

The accounts of The Salvation Army Social Work Trust Group consolidate the accounts using the acquisition method.

### (c) Key judgments and estimates used in preparing these financial statements

#### i. Financial instrument classification

The classification of financial instruments as 'basic' or 'other' requires judgment as to whether all applicable conditions as basic are met. This includes consideration of the form of the instrument and its return. It also includes the review of existing financial liabilities, such as loan agreements, to assess whether any modifications to the agreement will affect the classification of the instrument and its possible re-measurement. All financial instruments, including loans, are classified as 'basic'.

#### ii. Capitalisation of property improvement and development costs

Property improvement and development schemes are reviewed to ascertain whether expenditure should be capitalised or charged to the Statement of Financial Activities. Expenditure which enhances the social use of the property or improves its economic return is capitalised. Expenditure which repairs a property and brings it back to its original condition is written off.

#### iii. Useful lives of property, motor vehicles and equipment

The remaining useful lives of depreciable assets are reviewed by management at each reporting date and, if necessary, the depreciation charge adjusted accordingly.

#### iv. Bad debt provision

Gross debtor balances are regularly reviewed by management and where they assess that there is sufficient doubt as to recoverability a provision is made. In particular, accommodation charges outstanding are reviewed on a line-by-line basis and the provision is based on a number of factors including the age of the debt.

#### v. Multi-employer pension obligations

Employees of the Trust and its subsidiaries are members of two multi-employer defined benefit pension schemes. If the employers have entered into a contractual agreement with either or both schemes to determine how a deficit will be funded, contributions not expected to be settled within 12 months after the end of the reporting period are measured at the present value of the contributions payable by using a discounted rate (discounted present value basis).

## (d) Income

- i. Donations and Legacies: Donations, including the gross equivalent of those made under Gift Aid, and legacies are brought into account in the year of receipt. Accrual is made for any material legacies outstanding at the year end provided their values can be ascertained with reasonable accuracy.
- ii. Grants receivable are recognised on an accruals basis. Grants received for the acquisition or development of properties are credited to restricted funds when they are receivable providing any conditions attaching to the grants have been fulfilled. Where, at the balance sheet date, conditions remain unfulfilled, the grants are deferred pending satisfaction of these conditions. Depreciation on the properties is charged to restricted funds.
- iii. Investment Income: Dividends and interest are brought into account gross in the year they are due.
- iv. Realised gains on disposal of assets are reflected in the Statement of Financial Activities in the year of disposal. Profits on disposal of investments are calculated by reference to their carrying value in the preceding year's audited accounts or cost if purchased during the current year.

## (e) Expenditure

- i. Total expenditure includes:

Charitable Activities costs reflect all expenditure relating directly to the objects of the charity, attributable overheads and allocation of governance costs. Attributable overheads are allocated over the range of charitable activities on an actual basis where possible and on a basis which is consistent with the utilisation of resources otherwise.

Governance Costs reflect the costs incurred under the governance arrangements of the charity which consist of the costs of complying with legislation including audit, legal services and strategic planning. These costs are then allocated to charitable activities on a basis consistent with the utilisation of resources.
- ii. Expenditure is charged on the accruals basis.
- iii. Irrecoverable Value Added Tax is charged to the related heads of expenditure.

### iv. Pension Costs

The Salvation Army Social Work Trust contributes to three pension schemes in respect of its staff:

- The Salvation Army Officers Pension Fund relating to Salvation Army officers; and
- The Salvation Army Employees Pension Fund for other staff
- A defined contribution scheme.

The Salvation Army Officers Pension Fund is a registered charity and operates on the same basis as a defined benefit scheme but the benefits are not guaranteed. A standard annual contribution per pension unit is made to the Officers Pension Fund, which is charged in the accounts in the year in which payment falls due.

The Salvation Army Employees Pension Fund is a defined benefit pension scheme which was closed to new members on 31 December 2011. The scheme is a multi-employer scheme and the actuary has confirmed that it is not practical to allocate the assets and liabilities of the scheme between participating employers. Pension costs are therefore reflected in the accounts when payments to the pension scheme fall due. The charity also recognises any contractual liability to fund a past service deficit as agreed with the Pension Scheme Trustees. Any resulting expense will be reflected through the Statement of Financial Activities. When the contribution is not expected to be settled prior to 12 months after the year end the full liability is recognised at the present value of the contributions payable using a discounted rate. No such contractual liability existed at the current year end.

The Salvation Army Employees Pension Fund is closed to new entrants. Non-member employees may contribute to a money purchase scheme, the contributions on which are charged when payments to the pension scheme falls due.

The Salvation Army Housing Association (saha) participates in the following pension schemes –

- Social Housing Pension Scheme, a multi-employer defined benefit scheme. For the year ended 31 March 2018 it was not possible to allocate the assets and liabilities of the scheme to participating employers. Pension costs were therefore reflected in the accounts when payments to the pension scheme fall due. The charity also recognised any contractual liability to fund a past service deficit as agreed with the Pension Scheme Trustees. Any resulting expenses were reflected through the Statement of Financial Activities. For the year ended 31 March 2019 sufficient information is available to account for saha's obligation of a defined benefit basis. When the contribution is not expected to be settled prior to 12 months after the year end the full liability is recognised at the present value of the contributions payable using a discounted rate. The rate used is determined by reference to market yields at the reporting date on high quality bonds.

- The auto-enrolment SHPS defined contribution pension scheme, the contributions on which are charged when payments to the pension scheme fall due.
- The Pension Trust Growth Plan, a multi-employer defined benefit scheme. The pension charge represents the amounts payable by the company to the scheme in respect of the year. In the past, this scheme included a defined benefit element as the pensions were index linked, so where there is a contractual obligation to make payments under a deficit reduction plan in respect of the former defined benefit element of the scheme, this has been recognised as a liability in full in the financial statements.

#### **(f) Fixed Assets**

- Expenditure on the acquisition or improvement of property is reflected as a fixed asset, whereas costs of repairs and renewals to property are charged to the Statement of Financial Activities. The non-capital element of property schemes is written off in the year in which costs are incurred.

All properties are disclosed at cost less accumulated depreciation other than saha properties at the dates of acquisition (19 January 2011 and 23 March 2017) which were brought into account at those dates at fair values (being an existing use social housing valuation (EUV – SH) prepared by independent chartered surveyors). These properties are subsequently depreciated at the rates indicated below.

- Expenditure on the acquisition of vehicles is capitalised and expenditure on computer equipment and other office equipment which exceeds £15,000 in value is capitalised and depreciated over its economic life. Any equipment acquired at centres is written off in the year of acquisition.
- Depreciation is provided on tangible fixed assets at the following rates:

Motor vehicles	25% pa on cost
Office equipment	25% pa on cost
Leasehold properties	Over the shorter of the term of the lease or 50 years
Freehold properties	Over 50 years

The Social Work Trust has achieved partnership status with the Homes and Communities Agency which means that it can access capital funds from this source to assist with the costs of schemes. saha has always been able to access this funding. Grants arising are credited to restricted income except where the income is subject to certain restrictions which remain unfulfilled at the accounting reference date, in which case the income is deferred. A proportion of the depreciation charge arising on the properties concerned is charged against these restricted funds.

#### **(g) Investments & Investment Properties**

To comply with the Charities SORP, investments are included at fair value (their market value). Realised gains on investments are calculated as the difference between sales proceeds and the market value of those investments at the last balance sheet date, or cost if acquired during the year.

Properties held for market rent or commercial lettings are included as investment properties, and are recorded at fair value with changes in the market value reported annually in the statement of comprehensive income. The fair value of the investment property is determined by using valuation undertaken by Savills, an independent professional valuer.

#### **(h) Stocks**

Stocks are valued at the lower of cost and net realisable value.

#### **(i) Funds**

- Endowments** consist of permanent endowments and expendable endowments. The capital of permanent endowments must by law be retained. Expendable endowments are funds for which, although the capital and income is available to meet the objects of the Social Work Trust (subject to any donor imposed restrictions), it is the Trustee's intention that the capital will be maintained.
- Social Work Fund** represents monies already expended by the parent on the acquisition, construction and improvement of freehold and leasehold properties.
- Restricted Funds** are held for restricted purposes, as specified by the donors. It is the Trustee's intention that saha continues to operate autonomously. All saha funds are therefore reflected in the consolidated accounts as restricted funds.

iv. Unrestricted Funds include:

- Designated Reserves held for particular purposes designated by The Salvation Army in the exercise of its discretionary powers;
- Unrealised Gains Reserve held to separate recognised gains still subject to market risk; and
- General Reserve representing the net assets not designated for specific purposes.

**(j) Foreign Currency Translation**

Exchange gains and losses arising from overseas operations are dealt with through the Statement of Financial Activities and are reflected under Charitable Expenditure. Transactions in foreign currencies are translated at the rates prevailing at the beginning of the month whereas monetary assets and liabilities at the year end are translated at the closing rates.

**2. CHARITABLE ACTIVITIES: CENTRE OPERATIONS**

	2019					2018	
	Maintenance & Special Care Allowance £000	Supporting People £000	Other Contract Income £000	Local Authority & Other Grants £000	Catering & Miscellaneous Income £000	Total £000	Total £000
<b>Social Services Centres</b>							
Older People	12,827	-	-	38	-	12,865	12,281
Single Homeless	12,262	7,480	-	95	112	19,949	15,603
Family and Children	1,557	1,070	-	481	631	3,739	2,663
Day Care	323	208	-	14	57	602	594
Addictions	361	282	-	64	-	707	610
Probation	-	163	-	115	-	278	211
Other Non-Residential Programmes	28	1,759	-	1,358	1,043	4,188	3,961
	<b>27,358</b>	<b>10,962</b>	<b>-</b>	<b>2,165</b>	<b>1,843</b>	<b>42,328</b>	<b>35,923</b>
<b>Housing Association Centres</b>							
Older People	1,105	-	-	-	-	1,105	1,027
Single Homeless	16,946	10,322	-	575	104	27,947	25,264
Family and Children	686	763	-	127	7	1,583	1,682
Addictions	115	-	-	36	-	151	135
	<b>18,852</b>	<b>11,085</b>	<b>-</b>	<b>738</b>	<b>111</b>	<b>30,786</b>	<b>28,108</b>
Social Enterprise	-	14	-	76	347	437	387
<b>Total 2019</b>	<b>46,210</b>	<b>22,061</b>	<b>-</b>	<b>2,979</b>	<b>2,301</b>	<b>73,551</b>	<b>64,418</b>
<b>Total 2018</b>	<b>39,908</b>	<b>18,549</b>	<b>-</b>	<b>2,538</b>	<b>3,423</b>		<b>64,418</b>

£2,936,000 (2018: £3,365,000) of centres' revenue income represents contracts' restricted income predominantly being funding received from local authorities to fund the activities at specific centres.

### 3. OTHER SOCIAL OPERATIONS

	<b>Endowments £000</b>	<b>Restricted £000</b>	<b>Unrestricted £000</b>	<b>2019 Total £000</b>	<b>2018 Total £000</b>
Employment Plus	-	-	1,292	1,292	1,344
Anti-Human Trafficking	-	14	22,284	22,298	18,791
Defence Services Operations	-	-	140	140	158
Family Tracing, Counselling etc	-	-	33	33	47
Sundry income	-	-	-	-	29
	<b>-</b>	<b>14</b>	<b>23,749</b>	<b>23,763</b>	<b>20,369</b>

### 4. INVESTMENTS

	<b>Restricted £000</b>	<b>Unrestricted £000</b>	<b>2019 Total £000</b>	<b>2018 Total £000</b>
Dividend and Interest receivable	90	2,150	2,240	2,560
Rents receivable	3	375	378	399
	<b>93</b>	<b>2,525</b>	<b>2,618</b>	<b>2,959</b>

### 5. OTHER INCOME

	<b>Endowments £000</b>	<b>Restricted £000</b>	<b>Unrestricted £000</b>	<b>2019 Total £000</b>	<b>2018 Total £000</b>
Gain on disposal of properties	-	259	39	298	632
Gain on disposal of motor vehicles and equipment	-	-	-	-	-
	<b>-</b>	<b>259</b>	<b>39</b>	<b>298</b>	<b>632</b>

### 6. FUNDRAISING ACTIVITIES

	<b>Endowments £000</b>	<b>Restricted £000</b>	<b>Unrestricted £000</b>	<b>2019 Total £000</b>	<b>2018 Total £000</b>
Contribution towards the costs of the Salvation Army Trust Fundraising Department	-	-	700	700	700

The Salvation Army Trust Fundraising Department is responsible for the Annual Appeal and other fundraising activities which are paid over to Social Work Trust in the form of grants.

## 7. ANALYSIS OF COSTS OF CHARITABLE ACTIVITIES

	Endowments £000	Restricted £000	Unrestricted £000	2019 Total £000	2018 Total £000
Centres' Operations (Note 8)	-	2,436	102,892	105,328	86,493
Other Social Operations (Note 9)	-	371	27,401	27,772	22,419
saha Operating Costs (Note 13)	-	29,906	-	29,906	29,636
	<b>-</b>	<b>32,713</b>	<b>130,293</b>	<b>163,006</b>	<b>138,548</b>

## 8. ANALYSIS OF CENTRES' OPERATIONS COSTS

	2019						2018
	Salaries & Other Staff Costs £000	Catering, Cleaning & Other Services £000	Other Operating Costs £000	Property & Furnishings £000	Support Costs £000	Governance Costs £000	Total £000
<b>Social Services Centres</b>							
Older People	10,401	1,416	720	2,853	2,612	31	18,033
Single Homeless	9,350	738	2,959	13,528	3,472	50	30,097
Family and Children	2,300	77	179	1,256	1,034	8	4,854
Day Care Centres	540	88	132	190	218	2	1,170
Addictions	689	21	51	153	330	2	1,246
Probation	290	13	22	29	82	1	437
Other Non-Residential Programmes	4,923	476	469	1,329	2,240	15	9,452
	<b>28,493</b>	<b>2,829</b>	<b>4,532</b>	<b>19,338</b>	<b>9,988</b>	<b>109</b>	<b>65,289</b>
<b>Housing Association Centres</b>							
Older People	742	106	56	94	391	2	1,391
Single Homeless	15,553	3,039	1,283	3,523	12,054	56	35,508
Family and Children	1,076	44	136	161	640	3	2,060
Addictions	37	36	15	5	62	-	155
	<b>17,408</b>	<b>3,225</b>	<b>1,490</b>	<b>3,783</b>	<b>13,147</b>	<b>61</b>	<b>39,114</b>
Social Enterprise	323	88	157	128	229	-	925
<b>Total Costs 2019</b>	<b>46,224</b>	<b>6,142</b>	<b>6,179</b>	<b>23,249</b>	<b>23,364</b>	<b>170</b>	<b>105,328</b>
<b>Total Costs 2018</b>	<b>42,269</b>	<b>5,830</b>	<b>8,702</b>	<b>12,050</b>	<b>17,420</b>	<b>222</b>	<b>86,493</b>

Governance costs include external audit fees, inclusive of VAT, of £170,000 (2018: £170,000). £2,436,000 (2018: £3,226,000) of centres' operations costs are funded from restricted funds.

## 8. ANALYSIS OF CENTRES' OPERATIONS COSTS (Cont.)

Support Costs consist of:	2019 £	2018 £
Centres' Management Support Costs	12,654	11,157
Other Support Costs		
Personnel	1,047	923
Business Administration	4,161	3,669
Communications	662	584
Secretariat	1,148	1,012
Mission Service Management	85	75
Pensions Deficit Payment (note 12(b))	3,607	-
	<b>23,364</b>	<b>17,420</b>

## 9. OTHER SOCIAL OPERATIONS

	Endowments £000	Restricted £000	Unrestricted £000	2019 Total £000	2018 Total £000
Employment Plus	-	-	2,679	2,679	2,259
Anti-Human Trafficking	-	371	22,407	22,778	18,375
Defence Services Operations	-	-	311	311	304
Family Tracing, Counselling, etc	-	-	2,004	2,004	1,481
	<b>-</b>	<b>371</b>	<b>27,401</b>	<b>27,772</b>	<b>22,419</b>

## 10. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff Costs £000	Depreciation £000	Other Costs £000	2019 Total £000	2018 Total £000
Raising funds	-	-	750	750	747
Charitable activities	61,077	6,390	95,539	163,006	138,548
	<b>61,077</b>	<b>6,390</b>	<b>96,289</b>	<b>163,756</b>	<b>139,295</b>

## II. PERSONNEL

	<b>2019</b>		<b>2019</b>	<b>2018</b>
	<b>Parent</b>	<b>Subsidiary</b>	<b>Total</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Allowances and salaries	38,277	9,831	48,108	44,047
Social security costs	3,072	745	3,817	3,406
Pension Fund contributions	2,807	705	3,512	2,600
Redundancy costs	61	-	61	168
	<b>44,217</b>	<b>11,281</b>	<b>55,498</b>	<b>50,221</b>

### Redundancy Costs

Redundancy costs relating to employees in the Social Work Trust amounted to £60,692 (2018: £168,410). These costs are the result of staff restructuring at centres and closure of centres. Redundancy costs are recognised once a decision to make a post redundant has been communicated to an individual or the workforce.

The average number of officers and employees was:

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
<b>Trust</b>		
Number of officers	96	42
Number of employees	2,256	2,153
	2,352	2,195
<b>Subsidiary</b>	270	225
<b>Total</b>	<b>2,622</b>	<b>2,420</b>

### Higher-Paid Employees

The following indicates the number of the group's employees earning between:

	<b>2019</b>		<b>2019</b>	<b>2018</b>
	<b>Parent</b>	<b>Subsidiary</b>	<b>Total</b>	<b>Total</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
£60,001 - £70,000	4	1	5	7
£70,001 - £80,000	1	2	3	2
£80,001 - £90,000	-	-	-	1
£90,001 - £100,000	2	1	3	4
£100,001 - £110,000	-	2	2	1
£110,001 - £120,000	-	1	1	-
£120,001 - £130,000	-	-	-	1
£130,001 - £140,000	-	1	1	-
	<b>7</b>	<b>8</b>	<b>15</b>	<b>16</b>

## Trustees' Remuneration

The directors of The Salvation Army Trustee Company comprise Salvation Army officers and employees and other external directors with specialist expertise. All active Salvation Army officers receive an allowance based on length of service and, as ministers of religion, are provided with furnished accommodation and a motor vehicle. They are also members of the Salvation Army Retired Officers Allowance Fund. The allowances received by the officers serving as directors ranged from £15,176.88 to £18,965.16 per annum and they did not receive any additional remuneration for their duties as directors. There was one director who was an employee and received remuneration, including pension contributions, as an employee of £101,472 in total. The other directors did not receive any remuneration. No allowances or salaries paid to any of the directors are charged direct to the Social Work Trust.

No trustees' expenses were charged to the Social Work Trust.

The costs of indemnity insurance, to protect The Salvation Army Trustee Company directors against claims for neglect or default, were borne by The Salvation Army Trust.

Certain directors of saha are remunerated. No saha directors are directors of The Salvation Army Trustee Company.

## Key Management Personnel

The key management personnel of the Trust are those persons having authority and responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly, including the directors of The Salvation Army Trustee Company as the Corporate Trustee of the Trust. The Trustee considers the key management personnel of the Trust to be the executive directors (officers and employees) of the Board. The total aggregate remuneration, including pension contributions, paid to key management personnel during the year was £287,643 (2018: £302,017). As detailed above, no allowances or salaries paid to any of the directors are charged directly to the Social Work Trust.

## 12. PENSION COSTS

The Salvation Army Social Work Trust contributes to three pension schemes in respect of its staff:

- i. The Salvation Army Officers Pension Fund relating to Salvation Army officers,
- ii. The Salvation Army Employees Pension Fund for other staff,
- iii. A defined contribution scheme set up to offer employees who are not members of the Salvation Army Employees Pension Fund the opportunity to join a pension scheme following the closure of the Employee Pension Scheme to new members with effect from 31 December 2011.

Amounts charged in respect of pension fund contributions for the year are disclosed in Note 11 above.

### (a) SALVATION ARMY RETIRED OFFICERS ALLOWANCE FUND

The Salvation Army Retired Officers Allowance Fund was established by The Salvation Army Act 1963 under the legal name, The Salvation Army Officers Pension Fund. It is a registered charity and operates on the same basis as a defined benefit scheme but the benefits are not guaranteed. It is non-contributory by the officer, but a contribution per officer, at present £4,616 per annum (2018: £4,525), is made by The Salvation Army. Officers in both principal Trusts (The Salvation Army Trust and The Salvation Army Social Work Trust) participate in the scheme and it is not possible to allocate the assets and liabilities of the Fund between the Trusts. Therefore the Fund is accounted for as a multi-employer pension fund.

The Salvation Army Retired Officers Allowance Fund was subject to a triennial actuarial review on 31 March 2017 and this was based on the following principal assumptions:

Post-Retirement Discount Rate	3.3% per annum
Pre-Retirement Discount Rate	4.0% per annum
Rate of Increase in Allowances and Pensions	3.5% per annum
Management Expenses	4% of future ordinary contributions
Rate of Inflation	3.0% per annum

The market value of the Fund's assets at the valuation date amounted to £173.6m whereas the value of past service ongoing liabilities amounted to £196.1m revealing a funding shortfall of £22.5m.

A recovery plan has been agreed whereby The Salvation Army Trust will make an annual capital contribution to the scheme of £2m increasing per annum in line with increases in officers' allowances, the cost of which is borne by The Salvation Army Trust. In practice capital contributions in excess of this amount are being paid in order to fund the deficit over a shorter period of time.

Although the pension benefits are not guaranteed, they do represent a constructive liability as there are expectations that the pensions will be paid. Therefore a provision has been made for the total discounted value of the future capital contributions which The Salvation Army Trust has agreed to pay. This amounted to £6.8m at the year end.

## **(b) SALVATION ARMY EMPLOYEES PENSION FUND**

The Salvation Army Employees Pension Fund is a funded defined benefit scheme. The contribution rate payable by members was 8% of pensionable salaries and the employer's contribution was 18.5% of pensionable salaries (increasing to 23.9% from 1 April 2019).

The Scheme is a multi-employer scheme incorporating six employers. It closed to new members with effect from 31 December 2011. The actuary has confirmed that it is not practical to allocate the assets and liabilities of the scheme between participating employers and therefore it is accounted for as a multi-employer scheme.

The Scheme is subject to triennial actuarial valuations. The last actuarial valuation was completed, using the Projected Unit Method, at 31 March 2018.

The review was based on the following assumptions:

Post-retirement discount rate	2.3% per annum
Pre-retirement discount rate	3.8% per annum
Rate of salary increases	4.0% per annum
Rate of pension increase	
On pensions accrued before 6 April 2006	3.4% per annum
On pensions accrued after 6 April 2006	2.3% per annum
Inflation: RPI	3.5% per annum
CPI	2.75% per annum
Deferred Pension Increases (pre 6 April 2009)	2.75% per annum
Deferred Pension increases (post 6 April 2009)	2.5% per annum

The market value of the Fund's assets on the valuation date was £167.8m and the value of technical provisions amounted to £178.4m giving rise to a funding shortfall of £10.6m.

The trustees and employers agreed a recovery plan to eliminate the shortfall which involved lump sum payments into the fund by each of the employers. The amount payable by The Salvation Army Social Work Trust amounted to £3.6m. The actuarial valuation is done on a three-year cycle and each year we designate an amount of money to meet the deficit at the end of the cycle

## **(c) SOCIAL HOUSING PENSION SCHEME (SHPS)**

The Association participates in SHPS, a multi-employer pension scheme which provides benefits to non-associated participating employers. The scheme is classed as a defined benefit scheme in the UK. The scheme is classified as a 'last man standing' arrangement. Therefore, the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

For the year ended 31 March 2018, the SHPS obligation was being accounted for as a defined contribution as there was not sufficient information available to identify each employer's share of assets and liabilities in the scheme. Therefore, for 31 March 2018, the contributions payable from the Association to the SHPS under the terms of its funding agreement for past deficits was recognised as a liability within other creditors in the Association's financial statements. The net present value of £2,124k was recognised within creditors for this contractual obligation for the year ended 31 March 2018.

For the year ended 31 March 2019, sufficient information is available for the Association in respect of SHPS to account for its obligation on a defined benefit basis. The most recent formal actuarial valuation was completed as at 30 September 2017 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2019 by a qualified independent actuary.

Under the defined benefit pension accounting approach, the SHPS net deficit as at 1 April 2018 is £4,049k and £5,048k as at 31 March 2019.

The proposals set out in FRED 71 requires the difference on transition from defined contribution accounting to defined benefit accounting to be presented separately in the Statement of Financial Activities. The change on transition has resulted in a remeasurement difference of £1,925k, which has been recognised at the relevant date of application, 1 April 2018, as other recognised gains and losses.

	<b>2018</b> <b>£000</b>
Past service deficit liability as at 1 April de-recognised	2,124
Net pension scheme deficit under defined benefit accounting as at 1 April	(4,049)
	<hr/>
Loss recognised in other recognised gains and losses on initial recognition as at 1 April	1,925

**PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET/(LIABILITY)**

	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
Fair value of plan assets	14,211	13,140
Present value of defined benefit obligation	(19,259)	(17,189)
Surplus/(deficit) in plan	(5,048)	(4,049)
Deferred tax	-	-
	<hr/>	<hr/>
<b>Net defined benefit asset/(liability) to be recognised</b>	<b>(5,048)</b>	<b>(4,049)</b>

**RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION**

	<b>2019</b> <b>£000</b>
Defined benefit obligation at start of period	17,189
Current service cost	295
Expenses	12
Interest expense	441
Contributions by plan participants	104
Actuarial losses/(gains) due to scheme experience	196
Actuarial losses/(gains) due to changes in demographic assumptions	53
Actuarial losses/(gains) due to changes in financial assumptions	1,244
Benefits paid and expenses	(275)
	<hr/>
<b>Defined benefit obligation</b>	<b>19,259</b>

## RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	<b>2019</b> <b>£000</b>
Fair value of plan assets at start of period	13,140
Interest income	340
Experience on plan assets (excluding amounts included in interest income) – gain/(loss)	409
Contributions by the employer	493
Contributions by plan participants	104
Benefits paid and expenses	(275)
<b>Fair value of plan assets at end of period</b>	<b>14,211</b>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £749,000.

## DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF FINANCIAL ACTIVITIES

	<b>2019</b> <b>£000</b>
Current service cost	295
Expenses	12
Net interest expense	101
<b>Fair value of plan assets at end of period</b>	<b>408</b>

## DEFINED BENEFIT COSTS RECOGNISED IN OTHER RECOGNISED GAINS AND LOSSES

	<b>2019</b> <b>£000</b>
Experience on plan assets (excluding amounts included in net interest cost) – gain/(loss)	409
Experience gains and losses arising on the plan liabilities – gain/(loss)	(196)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	(53)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	(1,244)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain/(loss)	(1,084)
<b>Total amount recognised in other recognised gains/(losses)</b>	<b>(1,084)</b>

## ASSETS

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Global Equity	2,391	2,595
Absolute Return	1,230	1,605
Distressed Opportunities	258	127
Credit Relative Value	260	-
Alternative Risk Premia	820	498
Fund of Hedge Funds	64	433
Emerging Markets Debt	490	530
Risk Sharing	429	122
Insurance-Linked Securities	408	345
Property	320	605
Infrastructure	745	337
Private Debt	191	117
Corporate Bond Fund	663	540
Long Lease Property	209	-
Secured Income	509	487
Over 15 Year Gilts	-	-
Liability Driven Investment	5,197	4,787
Net Current Assets	27	12
<b>Total assets</b>	<b>14,211</b>	<b>13,140</b>

None of the fair values of the assets shown above includes any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

## KEY ASSUMPTIONS

	<b>2019</b>	<b>2018</b>
	<b>%per annum</b>	<b>%per annum</b>
Discount Rate	2.30%	2.56%
Inflation (RPI)	3.30%	3.19%
Inflation (CPI)	2.30%	2.19%
Salary Growth	3.30%	3.19%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	<b>Life expectancy at age 65 (Years)</b>
Male retiring in 2019	21.8
Female retiring in 2019	23.5
Male retiring in 2039	23.2
Female retiring in 2039	24.7

## EMPLOYER PENSION CONTRIBUTIONS

	2019 £000	2018 £000
Defined benefit employer contributions including deficit contributions	493	401
Growth Plan deficit contributions	28	15
Auto-enrolment & SHPS Defined contribution including deficit contribution	184	91
	<b>705</b>	<b>507</b>

The defined benefit pension cost for Salvation Army Housing Association was £493,369 (2018: £400,852) covering 30 employees (2018: 36 employees). The pension cost is assessed in accordance with the advice of a qualified actuary using the Projected Unit Fund Method and is not materially different from that arising from the current employer's contribution rate.

### (d) THE GROWTH PLAN

saha also participates in this scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

#### Deficit contributions

From 1 April 2019 to 31 January 2025:

£11,243,000 per annum - (payable monthly and increasing by 3% each on 1 April)

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

#### Deficit contributions

From 1 April 2016 to 30 September 2025:

£12,945,440 per annum - (payable monthly and increasing by 3% each on 1 April)

From 1 April 2016 to 30 September 2028:

£54,560 per annum - (payable monthly and increasing by 3% each on 1 April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

## PRESENT VALUE OF PROVISION

	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
Present value of provision	172	17	19

## RECONCILIATION OF OPENING AND CLOSING CREDITOR

	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
Provision at start of period	17	19
Unwinding of the discount factor (interest expense)	-	-
Deficit contribution paid	(28)	(2)
Remeasurements – impact of any change in assumptions	2	-
Remeasurements – amendments to the contribution schedule	181	-
<b>Provision at end of period</b>	<b>172</b>	<b>17</b>

## INCOME AND EXPENDITURE IMPACT

	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
Interest expense	-	-
Remeasurements – impact of any change in assumptions	2	-
Remeasurements – amendments to the contribution schedule	181	-

## ASSUMPTIONS

	<b>2019</b> <b>% per annum</b>	<b>2018</b> <b>% per annum</b>	<b>2017</b> <b>% per annum</b>
Rate of discount	1.39	1.71	1.32

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
Year 1	29	2	2
Year 2	29	2	2
Year 3	30	2	2
Year 4	31	2	2
Year 5	32	2	2
Year 6	28	3	2
Year 7	-	3	3
Year 8	-	1	3
Year 9	-	-	1
Year 10	-	-	-

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability.

The Association also allows the employees to pay additional voluntary contributions (AVCs) into their pension scheme. The amount charged to the Statement of Financial Activities represents the contributions payable to the scheme in respect of the financial year. The contributions due in the year were £nil (2018: £nil). Deficit contributions of £27,741 (2018: £14,529) were paid during the year in respect of the AVCs.

#### **AUTO-ENROLMENT**

As a result of the introduction of pensions 'auto-enrolment' by the Government, the cost of the new defined contribution scheme administered by SHPS was £184,320 (2018: £91,440) covering 375 employees (2018: 355 employees).

### **13. (a) SALVATION ARMY HOUSING ASSOCIATION TURNOVER AND OPERATING COSTS**

On 19 January 2011, pursuant to a change to saha's governing instrument (the new governing instrument obtaining FSA approval on that date), The Salvation Army Social Work Trust gained effective control of the Salvation Army Housing Association (saha).

The net assets of saha and its subsidiaries have been consolidated within these accounts. The net assets of the saha Group were, on acquisition, adjusted to fair values.

For the purpose of establishing fair values, saha's property portfolio was valued by an independent chartered surveyor on an existing use social housing (EUV – SH) basis.

saha's results, adjusted to reflect The Salvation Army Social Work Trust's accounting policies, were as follows.

	2019		2018	
	£000	£000	£000	£000
Turnover		27,959		27,527
Grants Received		561		-
		<u>28,520</u>		<u>27,527</u>
<b>Operating Costs</b>				
Staff Costs	(9,987)		(8,006)	
Other Costs	(14,113)	(24,100)	(15,021)	(23,027)
		<u>(24,100)</u>	<u>(23,027)</u>	
Interest Payable		(1,416)		(1,456)
Property Depreciation		(4,372)		(5,227)
Tax		(18)		74
Gain on Disposal of Assets		259		402
Gain/(Loss) on revaluation of investment properties (Note 17)		953		(2,920)
Interest Receivable		67		48
Social Housing Pension Scheme (SHPS) Remeasurement of Obligation		(1,925)		-
Actuarial Loss		(1,084)		-
		<u>(3,116)</u>		<u>(4,579)</u>

### 13. (b) PRIOR YEAR ADJUSTMENT - CHAPTER I CHARITY LTD ACQUISITION

#### Review of Chapter I properties

On 23 March 2017 saha acquired control of Chapter I Charity Ltd ('Chapter I') for no consideration with a transfer of engagements in September 2017. As a result the net assets of Chapter I were consolidated into these accounts at fair values as a gain on acquisition in the year ended 31 March 2017. During the current year,

- The valuation was reassessed by an independent valuation expert and the valuation of some of those properties was restated as a prior year adjustment (£14,843k). Depreciation charged on those properties for 2017/18 was recalculated and decreased by £239k.
- One of the transferred properties was reclassified as an investment property effective during 2017/18 (£29,420k). Depreciation on that property was reversed (£588k).
- The investment property value decreased by £2,920k during that financial year.

## Summary of consolidated net asset adjustment as at 31 March 2018

	As originally stated £000	Adjustments £000	As restated £000
<b>TANGIBLE ASSETS</b>			
Properties at cost			
Freehold	232,152	(43,536)	188,616
Leasehold	49,341	(727)	48,614
Accumulated depreciation			
Freehold	(36,909)	813	(36,096)
Leasehold	(11,792)	14	(11,778)
<b>INVESTMENTS</b>			
Investment properties	-	26,500	26,500
<b>RESERVES</b>			
saha operations reserve	(143,217)	16,936	(126,281)
	—————	—————	—————
		<b>-</b>	

## Summary of consolidated SOFA adjustments for the year ended 31 March 2018

Housing Association operating costs (depreciation)	30,463	(827)	29,636
Net (gains)/losses on investments	(666)	2,920	2,254
	—————	—————	—————
		<b>2,093</b>	

## Restatement of brought forward reserves at 1 April 2017 on SOFA:

As originally stated		357,149
Restatement of properties values		(14,843)
<b>Reserve balance brought forward</b>		<b><u>342,306</u></b>

## 14. (a) PROPERTIES

<b>GROUP</b>	<b>Freehold £000</b>	<b>Leasehold £000</b>	<b>Total £000</b>
<b>Cost or Valuation</b>			
Balance at 1 April 2018 (restated)	188,616	48,614	237,230
Additions during the year	2,565	33	2,598
Schemes completed during the year	4,684	-	4,684
	195,865	48,647	244,512
Less: Disposals	(652)	(103)	(755)
<b>Balance at 31 March 2019</b>	<b>195,213</b>	<b>48,544</b>	<b>243,757</b>
<b>Accumulated Depreciation</b>			
Balance at 1 April 2018 (restated)	36,096	11,778	47,874
Charge for the year	3,409	1,780	5,189
Less: Disposals	(65)	(10)	(75)
<b>Balance at 31 March 2019</b>	<b>39,440</b>	<b>13,548</b>	<b>52,988</b>
<b>Net Book Value at 31 March 2019</b>	<b>155,773</b>	<b>34,996</b>	<b>190,769</b>
<b>Net Book Value at 31 March 2018 (restated)</b>	<b>152,520</b>	<b>36,836</b>	<b>189,356</b>

Both saha's portfolio (on 19 January 2011) and Chapter 1's portfolio (on 23 March 2017) were brought into account at valuation, performed by independent chartered surveyors on an existing use social housing (EUV-SH) basis. All other properties are reflected at cost.

<b>PARENT</b>	<b>Freehold £000</b>	<b>Leasehold £000</b>	<b>Total £000</b>
<b>Cost</b>			
Balance at 1 April 2018	91,893	693	92,586
Additions during the year	1,274	-	1,274
Schemes completed during the year	638	-	638
	93,805	693	94,498
Less: Disposals	(200)	-	(200)
<b>Balance at 31 March 2019</b>	<b>93,605</b>	<b>693</b>	<b>94,298</b>
<b>Accumulated Depreciation</b>			
Balance at 1 April 2018	27,578	67	27,645
Charge for the year	1,849	14	1,863
Less: Disposals	(18)	-	(18)
<b>Balance at 31 March 2019</b>	<b>29,409</b>	<b>81</b>	<b>29,490</b>
<b>Net Book Value at 31 March 2019</b>	<b>64,196</b>	<b>612</b>	<b>64,808</b>
<b>Net Book Value at 31 March 2018</b>	<b>64,315</b>	<b>626</b>	<b>64,941</b>

All properties are used for charitable purposes. The market values of these properties are significantly higher than their book values but the costs of estimating these exceed any benefits accruing.

One property with costs of £6.521m has attracted capital funding from the Department for Communities and Local Government totalling £5.422m. Should The Salvation Army dispose of this property, the grants received would be refundable unless the Secretary of State agrees otherwise.

Properties and schemes in progress have attracted capital funding from the Homes and Communities Agency of £139.244m. Should these properties be sold, this amount will be repayable to the Homes and Communities Agency (the amounts repayable being limited by the proceeds of sale) unless the Homes and Communities Agency consents to this funding being recycled to other schemes.

The Salvation Army, in common with other churches, provides ministers of religion (officers) and retired ministers of religion with accommodation and holds a portfolio of properties to allow it to do so. Occasionally properties are not required immediately to provide accommodation to officers and retired officers and these, where possible, are let on short-term tenancies until required to accommodate officers. The Salvation Army does not consider these properties to be investment properties as their availability for use, other than for the work of the charity, is typically of limited duration.

## 15. PROPERTY SCHEMES IN PROGRESS

	GROUP		PARENT	
	2019 £000	2018 £000	2019 £000	2018 £000
Balance at 1 April 2018	7,193	2,467	3,519	1,790
Additions during the year	8,253	4,726	6,480	1,729
Property schemes capitalised during the year	15,446	7,193	9,999	3,519
	(4,684)	-	(638)	-
Scheme's revenue expenditure	(306)	-	(306)	-
<b>Balance at 31 March 2019</b>	<b>10,456</b>	<b>7,193</b>	<b>9,055</b>	<b>3,519</b>

## 16. MOTOR VEHICLES AND EQUIPMENT

GROUP	Motor	Equipment £000	Total £000
	Vehicles £000		
Cost			
Balance at 1 April 2018	1,073	3,309	4,382
Additions during the year	74	978	1,052
Disposals	-	(145)	(145)
<b>Balance at 31 March 2019</b>	<b>1,147</b>	<b>4,142</b>	<b>5,289</b>
Accumulated Depreciation			
Balance at 1 April 2018	836	2,378	3,214
Charge for the year	161	1,040	1,201
Disposals	-	(122)	(122)
<b>Balance at 31 March 2019</b>	<b>997</b>	<b>3,296</b>	<b>4,293</b>
<b>Net Book Value at 31 March 2019</b>	<b>150</b>	<b>846</b>	<b>996</b>
<b>Net Book Value at 31 March 2018</b>	<b>237</b>	<b>931</b>	<b>1,168</b>

**PARENT**

	<b>Motor Vehicles £000</b>	<b>Equipment £000</b>	<b>Total £000</b>
Cost			
Balance at 1 April 2018	1,056	3	1,059
Additions during the year	54	-	54
Disposals	-	(3)	(3)
<b>Balance at 31 March 2019</b>	<b>1,110</b>	<b>-</b>	<b>1,110</b>
Accumulated Depreciation			
Balance at 1 April 2018	799	-	799
Charge for the year	155	-	155
Disposals	-	-	-
<b>Balance at 31 March 2019</b>	<b>954</b>	<b>-</b>	<b>954</b>
<b>Net Book Value at 31 March 2019</b>	<b>156</b>	<b>-</b>	<b>156</b>
<b>Net Book Value at 31 March 2018</b>	<b>258</b>	<b>3</b>	<b>261</b>

**17. FIXED ASSET INVESTMENTS****GROUP AND PARENT**

	<b>Unlisted £000</b>	<b>Units in CIF 1 £000</b>	<b>Units in CIF 2</b>	<b>Total £000</b>
Cost/Market Value at 1 April 2018	6	2,904	98,179	101,089
Additions	-	-	-	-
Unrealised Gains/(Losses) on investments	(1)	256	6,299	6,554
<b>Cost/Market Value at 31 March 2019</b>	<b>5</b>	<b>3,160</b>	<b>104,478</b>	<b>107,643</b>

At 31 March 2019, units held in The Salvation Army Common Investment Fund No 1 had a unit value of £2.3406 (2018: £2.1510).

At 31 March 2019, units held in The Salvation Army Common Investment Fund No 2 had a unit value of £3.0773 (2018: £2.8918).

Salvation Army Social Work Trust holds one £1 share and exercises effective control over the Salvation Army Housing Association (saha). The Salvation Army Housing Association is registered with the Co-operative and Community Benefit Societies Act 2014 and is a registered social landlord regulated by the Regulator of Social Housing. saha itself owns the whole of the issued share capital of Kingsown Limited and saha Developments Limited, companies incorporated in England. The results and net assets of saha, Kingsown and saha Developments have been consolidated within these accounts.

## INVESTMENT PROPERTIES

	GROUP	
	2019 £000	2018 £000
Balance at 1 April 2018	26,500	-
Transfer from PPE	-	29,400
Additions during the year	1,547	20
Re-statement of cost charged to donation	-	(2,920)
Property revaluation adjustment – increase in value	953	-
Investment property valuation at year end	29,000	26,500
Fixed Assets Investments	107,643	101,089
<b>Total Investments</b>	<b>136,643</b>	<b>127,589</b>

This property at Waterloo owned by Chapter 1 was originally used as hostel accommodation and subsequently changed its use to student accommodation. Before the transfer of the building to saha, Chapter 1 head office staff were based at the building. This, as well as the fact that the building was run by Chapter 1 in conjunction with Imperial College, meant that the building continued to be classed as Property Plant and Equipment (PPE) in Chapter 1's financial statements. When the building transferred to saha it was initially transferred into saha's financial statements at fair value as PPE, but shortly after the transfer the building was fully vacated by Chapter 1 staff and handed over to Imperial College on a lease with no involvement from saha. Therefore it was felt that it was appropriate to recognise the change of use of the building to an investment property in saha's financial statements from 30 September 2017, the date of the Transfer of Engagements.

The property was subsequently revalued by Savills, professional external valuers at 31 March 2019 and at 31 March 2018 using the same assumptions. The revaluation of the property has resulted in an increase in the property valuation, and this increase has been recognised through the newly created revaluation reserve for investment properties in saha's own financial statements.

## 18. DEBTORS AND PREPAYMENTS

	GROUP		PARENT	
	2019 £000	2018 £000	2019 £000	2018 £000
Accommodation charges outstanding	2,850	3,403	2,287	3,096
Sundry debtors and accrued income	13,770	8,881	12,149	7,875
Connected Salvation Army Trusts and Companies	-	4,161	-	4,161
	<b>16,620</b>	<b>16,445</b>	<b>14,436</b>	<b>15,132</b>

**19. (a) CREDITORS: Amounts falling due within one year**

	GROUP		PARENT	
	2019 £000	2018 £000	2019 £000	2018 £000
Trade creditors and accruals	12,886	10,102	9,633	8,625
Deferred Income	3,298	4,394	254	162
Tax and Social Security	3,031	2,205	3,031	2,205
Connected Salvation Army Trusts and Companies	839	-	839	-
Multi-Employer Pension Scheme	-	349	-	-
Bank Loans repayable within one year (Note 19(b))	1,592	11,239	-	-
	<b>21,646</b>	<b>28,289</b>	<b>13,757</b>	<b>10,992</b>

Deferred income in the parent's accounts reflects sums arising under Supporting People contracts and credit balances on the maintenance debtors' ledger.

**19. (b) CREDITORS: Amounts falling due after more than one year**

	GROUP		PARENT	
	2019 £000	2018 £000	2019 £000	2018 £000
Multi-Employer Pension Scheme (note 12(d))	172	1,990	-	-
Recycled Social Housing Grant	1,753	1,720	-	-
Loans repayable between 1 & 2 years	1,550	1,595	-	-
Loans repayable between 3 to 5 years	10,325	4,640	-	-
Over five years	20,035	22,813	-	-
	<b>33,835</b>	<b>32,758</b>	<b>-</b>	<b>-</b>

Housing loans from private sources are secured by charges on saha specific housing properties and are repayable at varying rates of interest between 0.92% and 11.50%.

## 20. OPERATING LEASES

	GROUP		PARENT	
	2019 £000	2018 £000	2019 £000	2018 £000
The Group has future minimum lease commitments of:				
Land and Buildings				
Within one year	316	512	-	-
One to five years	518	911	-	-
Over five years	129	276	-	-
	<b>963</b>	<b>1,699</b>	-	-

	GROUP		PARENT	
	2018 £000	2017 £000	2018 £000	2017 £000
Other operating leases				
Within one year	222	339	-	-
One to five years	57	350	-	-
Over five years	13	123	-	-
	<b>292</b>	<b>812</b>	-	-

## 21. ENDOWMENTS

### GROUP AND PARENT

	Balance 1 April 2018 £000	New Funds Received £000	Changes in Market Value of Investments £000	Transfers £000	Balance 31 March 2019 £000
Expendable Endowment					
Xenia Field Capital Fund	11,511	-	738	-	12,249
Permanent Endowments					
H.M. Brant	20	-	-	-	20
J.B. Crighton	97	-	10	-	107
Miss M.B. Hill	35	-	-	-	35
C.J. and E.J. Melbourne	79	-	-	-	79
Blackmore Mission	1	-	-	-	1
M.J. Fowler	16	-	-	-	16
R. Pattison	14	-	-	-	14
Leeds Guardian Homes Trust	14	-	-	-	14
E.S. Brant Trust	1,022	-	90	-	1,112
Birmingham Girls Trust	156	-	14	-	170
	<b>1,454</b>	-	<b>114</b>	-	<b>1,568</b>
	<b>12,965</b>	-	<b>852</b>	-	<b>13,817</b>

The Expendable Endowment represents the Xenia Field Fund. Whilst the capital and income of the Fund can be expended on social work projects, it is the Trustee's intention that the capital be maintained.

Permanent Endowment funds represent bequests and donations, the capital of which cannot be expended but any income can be applied to social work projects without restriction.

The E.S. Brant Trust was established by a trust deed dated 16 June 1965. The annual income can be applied to the social work of The Salvation Army.

The Birmingham Girls Trust consists of endowment funds transferred from Birmingham City Council, the income on which can be applied for the benefit of girls in distress in the Birmingham area.

All endowment funds are represented by investments in The Salvation Army's Common Investment Funds.

## 22. RESTRICTED FUNDS

<b>GROUP</b>	<b>Balance 1 April 2018 £000</b>	<b>Income and Movement in Market Value of Investments £000</b>	<b>Expenditure £000</b>	<b>Transfers From/(to) Unrestricted Reserves £000</b>	<b>Transfers between Restricted Funds £000</b>	<b>Balance 31 March 2019 £000</b>
Social Work Fund	64,941	-	(1,863)	1,730	-	64,808
<b>Other Restricted Funds</b>						
Social Work projects including property funding	38,500	8,852	(944)	-	-	46,408
saha operations – property purposes	126,281	29,799	(32,915)	-	-	123,165
	<b>164,781</b>	<b>38,651</b>	<b>(33,859)</b>	<b>-</b>	<b>-</b>	<b>169,573</b>
	<b>229,722</b>	<b>38,651</b>	<b>(35,722)</b>	<b>1,730</b>	<b>-</b>	<b>234,381</b>

Social Work Fund represents sums already expended on the properties used by The Salvation Army in its social work throughout the United Kingdom.

Other Restricted Funds represents unexpended balances of donations and legacies held on trusts which can only be expended in accordance with the specific terms laid down by the donors.

All saha funds are treated as restricted in the group's accounts.

All income and expenditure has arisen from continuing activities. £1,071k of the net expenditure of funds disclosed above arises in the parent charity (2018: net expenditure of £1,513k). Transfers between funds arise from property transactions, because all funds expended on property assets are reflected as restricted funds, net of funding of homelessness and older people's services centres from legacy funds.

<b>PARENT</b>	<b>Balance 1 April 2018 £000</b>	<b>Income and Movement in Market Value of Investments £000</b>	<b>Expenditure £000</b>	<b>Transfers From/(to) Unrestricted Reserves £000</b>	<b>Transfers between Restricted Funds £000</b>	<b>Balance 31 March 2019 £000</b>
<b>Social Work Fund</b>						
Funding of properties for charitable purposes	64,941	-	(1,863)	1,730	-	64,808
<b>Other Restricted Funds</b>						
Social Work projects including property funding	38,500	8,852	(944)	-	-	46,408
	<b>103,441</b>	<b>8,852</b>	<b>(2,807)</b>	<b>1,730</b>	<b>-</b>	<b>111,216</b>

Social Work Fund represents sums already expended on the properties used by The Salvation Army in its social work throughout the United Kingdom.

Other Restricted Funds represents unexpended balances of donations and legacies held on trusts which can only be expended in accordance with the specific terms laid down by the donors.

## 23. UNRESTRICTED FUNDS

### GROUP AND PARENT

	Balance 1 April 2018	Income and Movement in Market Value of Investments	Expenditure	Transfers From/(to) Restricted Reserves	Transfers between Unrestricted Funds	Balance 31 March 2019
	£000	£000	£000	£000	£000	£000
General Reserves	23,695	117,462	(131,032)	-	-	10,125
Unrealised Investment Gains	45,866	5,574	-	-	-	51,440
	<b>69,561</b>	<b>123,036</b>	<b>(131,032)</b>	<b>-</b>	<b>-</b>	<b>61,565</b>
Designated Reserves						
Property Purposes	20,461	39	(11)	(1,730)	-	18,759
Vehicles	1,954	-	-	-	-	1,954
Social Work projects	1,551	-	-	-	-	1,551
	<b>23,966</b>	<b>39</b>	<b>(11)</b>	<b>(1,730)</b>	<b>-</b>	<b>22,264</b>
	<b>93,527</b>	<b>123,075</b>	<b>(131,043)</b>	<b>(1,730)</b>	<b>-</b>	<b>83,829</b>

The General Reserve is required to fund the day-to-day needs of The Salvation Army Social Work Trust.

Unrestricted Funds include designated reserves which have been set aside by the Trustee for specific purposes.

## 24. ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP	Endowment Funds	Social Work Fund	Other Restricted Funds	Unrestricted Reserves	Total
	£000	£000	£000	£000	£000
Fixed Assets					
Properties	-	64,808	125,961	-	190,769
Property schemes in progress	-	-	10,456	-	10,456
Motor vehicles and equipment	-	-	840	156	996
Investments	13,817	-	29,000	93,826	136,643
Current Assets less Liabilities	-	-	3,316	(10,153)	(6,837)
<b>Total Net Assets</b>	<b>13,817</b>	<b>64,808</b>	<b>169,573</b>	<b>83,829</b>	<b>332,027</b>

<b>PARENT</b>	<b>Endowment Funds</b>	<b>Social Work Fund</b>	<b>Other Restricted Funds</b>	<b>Unrestricted Reserves</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fixed Assets					
Properties	-	64,808	-	-	64,808
Property schemes in progress	-	-	9,055	-	9,055
Motor vehicles and equipment	-	-	-	156	156
Investments	13,817	-	-	93,826	107,643
Net Current Assets	-	-	37,353	(10,153)	27,200
<b>Total Net Assets</b>	<b>13,817</b>	<b>64,808</b>	<b>46,408</b>	<b>83,829</b>	<b>208,862</b>

## 25. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	<b>2019 £000</b>	<b>2018 £000</b>
Net income/(expenditure)	(4,187)	(6,092)
Unrealised loss/(gain) on investments	(7,507)	2,254
Realised (gain) on disposal of properties	(298)	(632)
Depreciation of motor vehicles and equipment	1,201	1,156
Depreciation of properties	5,189	5,140
Investment and rental income	(2,618)	(2,959)
Increase in stocks	(29)	33
(Increase)/Decrease in debtors	(175)	(4,501)
Schemes in progress written off	306	-
Increase/(Decrease) in creditors	3,004	3,577
Increase in Defined Benefit pension scheme liability	5,048	-
Interest payable	1,416	1,456
<b>Net inflow/(outflow) from operating activities</b>	<b>1,350</b>	<b>(568)</b>

## 26. CAPITAL COMMITMENTS

At the balance sheet date, commitments made by The Salvation Army Social Work Trust Group in relation to the construction or refurbishment of property amounted to £14.910m (2018: £25.821m).

## 27. RELATED PARTY TRANSACTIONS

As one of its principal bankers, the Social Work Trust uses the services of Reliance Bank Limited which was 49% owned by The Salvation Army Trust until 31 October 2018. At 31 March 2019 the Social Work Trust held balances of £23.564m with Reliance Bank Limited (2018: £36.438m). saha was in receipt of a loan from Reliance Bank, the balance outstanding at 31 March 2019 amounting £2.049m (2018: £2.163m). Reliance Bank Limited's dealings with the Social Work Trust are conducted on normal commercial terms.

During the current year grants totalling £19.6m (2018: £13.9m ) were received from and overhead recharges totalling £700,00 (2018: £700,000) were paid to The Salvation Army Trust, which reflects contributions to the costs of The Salvation Army Trust's Fundraising Department. An overhead recharge and a recharge for fundraising and publicity were charged from The Salvation Army Trust during the year, representing the Social Work Trust's share of central overhead costs which were incurred by The Salvation Army Trust. In addition recharges were charged to The Salvation Army Social Work Trust for hire of rooms at corps premises.

The brother of Lieut-Colonel Mike Caffull is the Managing Director of The Salvation Army Trading Company Ltd, SATCoL. His salary is paid by SATCoL. SATCoL supplies Salvation Army publications to Social Services centres. These sales amounted to £28,131 (2018: £36,276).

## 28. CONTINGENCIES

One property with costs of £6.521 million has attracted funding from the Department for Communities and Local Government of £5.422 million. Should The Salvation Army dispose of this property at any time, the £5.422 million would become refundable unless the Secretary of State agrees otherwise.

saha has received funding from local authorities in connection with property acquisition and enhancement totalling £1.236 million. Should these properties be sold then this funding is potentially repayable.

Following recent changes in legislation, Salvation Army Social Work Trust is eligible to access direct capital funding from the Homes and Communities Agency. The accreditation process necessary to allow access to this funding has been completed. Salvation Army Housing Association had always been able to access this funding. Funding for schemes totalling £148.903 million has been received by the group from this source (£16.180 million by the parent charity). Were these properties to be sold, this funding would be refundable to the Homes and Communities Agency unless the Agency consented to rolling it over against the costs of other schemes (similarly any funding received in connection with schemes which are aborted prior to completion would be refundable in full).

**29. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITY  
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	Endowments £000	Restricted £000	Unrestricted £000	2018 Total £000
<b>INCOME AND ENDOWMENTS FROM:</b>					
<b>Donations and Legacies</b>					
Grants receivable: The Salvation Army Trust		-	-	13,858	13,858
Donations		-	409	1,345	1,754
Legacies		-	3,457	483	3,940
		-	3,866	15,686	19,552
<b>Charitable Activities</b>					
Centres' operations	2	-	3,365	61,053	64,418
Other social operations	3	-	7	20,362	20,369
Housing Association turnover	13(a)	-	27,527	-	27,527
		-	30,899	81,415	112,314
<b>Investments</b>					
Other	4	-	453	2,506	2,959
Gains on disposal of fixed assets	5	-	402	230	632
<b>TOTAL INCOME</b>		<b>-</b>	<b>35,620</b>	<b>99,837</b>	<b>135,457</b>
<b>EXPENDITURE ON:</b>					
<b>Raising Funds</b>					
Fundraising activities	6	-	-	700	700
Investment management costs		-	-	47	47
		-	-	747	747
<b>Charitable Activities</b>					
Centres' operations	8	-	3,226	83,267	86,493
Other social operations	9	-	14	22,405	22,419
Housing Association operating costs	13(a)	-	29,636	-	29,636
		-	32,876	105,672	138,548
<b>TOTAL EXPENDITURE</b>	10	<b>-</b>	<b>32,876</b>	<b>106,419</b>	<b>139,295</b>
Net Gains on Investments		83	(2,914)	577	(2,254)
<b>NET INCOME</b>		<b>83</b>	<b>(170)</b>	<b>(6,005)</b>	<b>(6,092)</b>
Transfers between Funds		-	1,173	(1,173)	-
<b>NET MOVEMENT IN FUNDS</b>	21/22/23	<b>83</b>	<b>1,003</b>	<b>(7,178)</b>	<b>(6,092)</b>
<b>RECONCILIATION OF FUNDS:</b>					
Total Funds brought forward(as restated)	29	12,882	228,719	100,705	342,306
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>12,965</b>	<b>229,722</b>	<b>93,527</b>	<b>336,214</b>



Charity Registration No: 215174 Scottish Charity Registration No: SC037691

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