



The Salvation Army United Kingdom Territory

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

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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 SALVATION ARMY'S PRINCIPAL OBJECTIVES

The Salvation Army's principal objects are the advancement of the Christian religion as professed, believed and taught by The Salvation Army and pursuant thereto the advancement of education, the relief of poverty and other charitable objects beneficial to society or the community of mankind as a whole.

The following groups benefit from the work of The Salvation Army Trust

- those who worship or participate in other activities at Salvation Army corps (churches) and community centres
- vulnerable and disadvantaged members of society, including homeless people, older and/or lonely people, children, young people and families, people dealing with issues of substance abuse
- the wider community of society as a whole

The Salvation Army takes a holistic approach, engaging with people's physical, emotional and spiritual needs, offering its services without discrimination.

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 of service puts us right at the heart of hundreds of communities. Our officers, staff and volunteers see the needs of the people they live alongside and they respond with energy, compassion and imagination.

There is no rule book that tells our local corps (church communities) what services they must provide, or what services are off-limits. Our compassion *has* no limits. Instead we do what our beliefs tell us to – and what in our hearts we know we have to do – to help people and improve their lives. We aim to help the whole person, not just their particular problems, so that with our help they can change their lives for good.

Often The Salvation Army is not just part of the community – it *is* the community. In many disadvantaged and troubled neighbourhoods where few other organisations are active, we work year after year, often in the most difficult circumstances, to provide much-needed local services.

These are some of the reasons why the services and projects you will read about in this report are very wide-ranging and varied. Bear in mind too that a report like this can only highlight a fraction of what we do.

I am particularly proud of the work we are doing locally to support the growing number of homeless people, and to bring relief to families facing hardship and hunger. I am also delighted that we continue to be innovators in the field of dementia care, pioneering new ways to improve the lives of people living with dementia and their carers.

May I thank everyone who has contributed to another year of transformative action. I am humbled when I see the amazing work that our officers, staff and volunteers do every day. I am also deeply grateful to everyone who has been able to donate to our community and 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". The signature is written in a cursive style and is underlined.

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 Christian worship, teach Christian principles and encourage Christians to live out their faith, and we seek to promote the Christian message through various media including literature, music, electronic media and personal evangelism.
- We provide community programmes at our corps (local churches) relevant to local needs, to help people of all ages enhance their quality of life, self-respect, personal development and engagement with others.
- We seek to influence policy-makers, providing information on social issues affecting our members and service users.
- We train and equip current and future Salvation Army officers, staff and volunteers.
- We financially support The Salvation Army Social Work Trust in the full range of services it provides.
- We support the international mission work of The Salvation Army, including development work and providing relief to those affected by disasters overseas.
- We review and adjust our strategies and programmes to respond to changing needs.
- We strive to maintain four emphases – transformation, integration, discipleship and effectiveness (TIDE) – in everything we do.



Transformation



Integration



Discipleship



Effectiveness

The Salvation Army in the United Kingdom currently has 667 corps: 532 in England, 74 in Scotland, 40 in Wales, 17 in Northern Ireland, 3 in the Channel Islands and 1 in the Isle of Man.

STRATEGY

As this report will illustrate, The Salvation Army is a diverse, responsive, agile Christian church and charity. Our strategy is to encourage effective and flexible activities focused on helping people experience life in all its fullness. This Army deliberately opts not to have a prescriptive, restrictive, corporate strategy. Instead, we strategically prioritise local responses to local priorities. The size, scale and professionalism of The Salvation Army can be underestimated due to this strategic decision.

In addition to the work covered in this report, The Salvation Army has extensive centrally co-ordinated social work services across the United Kingdom. This work is reported under The Salvation Army Social Work Trust, but at local level all parts of The Salvation Army are encouraged to work together to bring lasting change at local as well as national level.

The Salvation Army works in more than 130 countries on every continent, often in the forgotten corners of society. Our breadth of experience and hierarchical structure enables lessons learnt in one place to benefit people with similar challenges thousands of miles away. The rapid expansion of our work with victims and survivors of modern slavery and human trafficking is a good example of this strategic advantage.

The local diversity of The Salvation Army is supported by having centrally co-ordinated support services – such as HR, finance, property, IT, PR and some fundraising. This approach enables us to be efficient and effective in the use of resources. In addition, there are people whose role is to learn lessons from local responses and share resources to help people achieve our mission across The Salvation Army. This approach helps to drive up the quality of our services to people who are often poor, marginalised and vulnerable.

In recent years, every part of The Salvation Army in the UK and Republic of Ireland has been encouraged to work towards four strategic priorities – Transformation, Integration, Discipleship and Effectiveness. Known as TIDE, these shared priorities have helped the 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 under way 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 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, whose accounts are contained in this report; and
- The Salvation Army Social Work Trust

Therefore, we publish two separate reports and accounts. This document is the annual report and accounts for The Salvation Army 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.

We have a network across the UK of over 650 local corps (churches) community centres. These are run by corps officers, who are trained and commissioned (ordained) Salvation Army officers. Each officer is accountable to his or her community but is operationally accountable to one of our 22 Divisional Commanders, who in turn report to the headquarters based in London. This locally responsive church base is the way in which we ensure we respond to local needs in local ways. What we do is generally decided on and delivered locally. The costs and delivery of this network of corps, the infrastructure and the centralised operations that support it, are the subject of this Annual Report and Accounts for The Salvation Army Trust.

Alongside the locally driven operations, The Salvation Army operates centrally co-ordinated and managed social services. This includes residential programmes for homeless people, care homes for older people, residential detox centres, family centres, refuges for victims of domestic violence, safe houses and services for the victims and survivors of modern-day slavery and human trafficking and our Employment Plus services.

These services are managed in a top-down model due to the vulnerability of the people needing help and because of statutory regulations and contract requirements. These are our flagship national services and they are managed and funded centrally through our second charity registration, The Salvation Army Social Work Trust, which has its own report and accounts. Together the two annual reports and accounts provide a comprehensive account of the work of The Salvation Army in the United Kingdom.

CHURCH LIFE - DELIVERING MISSION THROUGH OUR CHURCHES

The Salvation Army in the UK is active both as a worshipping church community and as an active group of Christians working to combat injustice and improve people's lives in the community.

Our local corps (churches) seek to understand the community in which they serve and are able to use their resources to bring about support and transformation to both individuals and the community. This means that each local corps has a programme tailored to the needs around them. The aim is always to bring about transformation for good. Below are some of the many ways this is happening.

■ **Breaking down cultural barriers.** When The Salvation Army's New Malden Outreach Centre began in 1998, it was a step into the unknown – our first homogeneous Korean ministry in the UK. The New Malden area has the largest Korean community in England and Wales, so two Korean officers were appointed to begin outreach work in London. Many challenges had to be faced, including language barriers. But 20 years on, the New Malden Corps continues to grow, with three services being held a week instead of one – and now it opens its doors to everyone, seeking to find a balance of Asian and Western Christianity.

■ **Faiths in action.** We live in a multi-faith society and it is vital for The Salvation Army to bridge the barriers between the faiths and to unite to help vulnerable people in our communities. The Acts of Kindness project in Stepney brings together Christians, Muslims, Jews and people of no faith to work for the community. In particular we combat isolation and loneliness among older people by volunteering to help with tasks like gardening. This work is invaluable to older residents, while giving the faiths an opportunity to understand each other better.

■ **The War Cry in Welsh.** A Welsh language edition of *The War Cry*, The Salvation Army's newspaper, went on sale just before Christmas 2018. *The War Cry* is an important way for us to spread our Christian message, never more so than at Christmas. Over the years the paper has carried many stories about our work in Wales, but this is the first time since 1889 that an edition has appeared in Welsh.

Moving forward

We are a dynamic and agile church and we are committed to remaining so. We will continue to seek ways to share the gospel and Jesus Christ and to enable others to put belief into action. We will continue to ensure our precious resources of funds and people are deployed in ways that enable them to have the greatest possible impact, in God's name.

HOMELESSNESS

Homelessness continues to be a critical issue across the UK and is at the forefront of our mission. Some estimates put the number 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. Our response to homelessness in particular areas takes different forms, including winter night shelters and drop-in centres for homeless people, but here are some examples of recent initiatives.

■ **Community Outreach.** For a number of years Ilford Corps has been providing a night shelter during the winter months for rough sleepers. Through work with the community this has been developed into the idea of a 'pop up' hostel known as 'Project Malachi'. This is a highly innovative scheme to build a new centre for homeless people out of disused modular units. It has been made possible by a partnership between The Salvation Army and the London Borough of Redbridge and planning permission was given in April 2018 and building work has commenced.

The project will provide 42 studio flats with their own individual bathrooms and kitchenettes. Some of these flats will be wheelchair-accessible and have easy-to-use facilities. The new centre also aims to give residents valuable work experience. The corps already operates a bike workshop where the residents will be able to help run their own small enterprise repairing and refurbishing old bicycles as the first step to getting back into employment.

■ **Night Shelters.** Salvation Army corps responded across the county to the needs of men and women who found themselves without shelter over the winter months. In many settings they ran year-long daytime 'drop ins' for homeless people. However, in over 25 corps we worked in partnership with other local churches or faith groups running a 'circuit' night shelter. In this model The Salvation Army opened its doors one night a week to the homeless community. They were then able to access shelter in different locations around a town or city for the rest of the week. In one or two settings, corps have run this service each night of the week. Corps have also entered into agreements with local authorities to run Severe Weather Emergency Protocol Agreements where the corps building is opened up when the temperature dropped below a certain degree. Salvation Army premises have been used by other agencies to run a night shelter provision.

Helping night shelter guests get off the streets permanently is a key aim of our night shelters. One example was in Ramsgate. The Salvation Army administered the Churches Together circuit and worked in close collaboration with the local authority. As a result of this collaboration 16 people have moved from living on the streets to having their own tenancies. One of those people spoke recently on Radio Kent about their experience – 'Long story short, I found myself homeless. The world which I'd created was pretty cool, I was travelling a lot, I was deeply in love but it just crumbled apart and I had a lot of loss. Every time I thought it couldn't get any worse, it could. But thank God I had faith. The Salvation Army is a religious place but it is also a place of faith in action and hope and people that "do". And that is really important when you are in a desperate situation and finding it hard to trust anybody.'

‘I was living on the street in a tent and eventually ended up sleeping in a beach hut on Margate sands. Now I am in a self-contained flat. I needed somewhere safe to lay my head at night. Where I am living now is manned 24 hrs. Staff are always on hand. For someone who has been attacked in their sleep that is an incredible comfort. You could say I am finding myself again.’

Moving forward

As homelessness continues to be more evident, our corps and centres will continue to offer and deliver services that meet local needs, either independently or in collaboration with other charities. We will continue to ensure that funding, if needed, is available to support our work. Our nature is to be flexible and responsive because we find it most helpful to the people we serve to work in this manner.

ADDICTION 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. This includes our local corps centres, which provide a vast array of outreach and community services that support people with addictions.

■ **Scotland Drug and Alcohol Service.** 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 floating support centres in four corps buildings across Scotland – in Aberdeen, Greenock, Stenhousemuir and Stirling – all of which house specialist drug and alcohol support workers.

Moving forward

We will continue to implement and resource the Scotland strategy and other local programmes to support people with addictions. We have a continuing commitment to this work, with individuals, their families and their communities.

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

UNEMPLOYMENT

‘Work for All’ was a cornerstone of William Booth’s social programme in the earliest days of The Salvation Army. Even today, independent evidence shows that good, worthwhile work contributes greatly to a person’s physical, mental and spiritual health. That is why The Salvation Army still considers that finding ‘work for all’ is an essential part of our mission.

■ **Employment Plus.** At our local Employment Plus centres within the church setting, we give people who are struggling to get work the information and guidance they need to get into employment, together with internet access to apply for jobs or training. What puts the ‘Plus’ into Employment Plus is the high level of care and support people receive from the moment they come to their local centre – support that continues even after they’ve found work.

One of the 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.’ Our 70 Employment Plus Local volunteers support approximately 1500 job seekers a year.

■ **Finding Work – a case history.** 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 to robustly support the growth of corps-based Employment Plus Local centres as it is a proven way to help both individuals and the wider community.

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. We offer a range of services at local corps level to improve the quality of life for older people.

■ **Living with Dementia.** We are committed to improving the quality of life of people living with dementia and those that care for them. One way we do this is through 'Singing by Heart', an initiative which brings people together to share the joy of singing with others and make a connection with the other members of the group. In May 2018, Rugby became one of a number of corps to start a 'Singing by Heart' group in their area. The organisers had been specially trained by the Alzheimer's Society to understand the needs of people with dementia.

■ **Combating Social Exclusion.** The Salvation Army organises a wide range of projects aimed at combating social exclusion and involving older people in activities that can help them come together and make friends. One particularly imaginative idea is the *Holiday at Home* scheme that we organised in Watford last summer for older people who are no longer able to go away on holiday. Our volunteers laid on three full days of fun, games, music, laughter and shared meals for around 20 people at our local centre. The theme was 'Anchors Aweigh' and the church halls were decorated in the style of a cruise ship.

■ **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 people in prison who are living with dementia. This initiative has won national recognition, and is being rolled out to some other prisons.

Moving forward

Our corps and local centres will continue to identify ways in which the needs of older people in their communities can be met, and our regional specialists in this area of our ministry will continue to support innovative thinking and knowledge-sharing.

YOUNG PEOPLE

The Salvation Army believes that every child should have the very best chance to develop their abilities and make the most of their lives. Yet there are all kinds of factors, such as family breakdown, poverty, drugs, gang crime and a lack of opportunities that can wreck young people's futures. That is why we aim to provide safe environments, positive activities and good quality learning experiences for children from challenging backgrounds, as these examples show.

■ **Space for Disadvantaged Young People.** In South Leeds, a Salvation Army initiative called Space is making a connection with young people aged between 11 and 18. The sessions literally give the teenagers space for play and games. In addition, they can take part in positive activities that serve the wider community – like cooking and serving good quality, affordable lunches for local people. One former Space attendee told us: 'Space was the highlight of my week for many years. We experienced new things through trips and activities that would otherwise have been unlikely for inner-city kids like me.'

■ **Healing for Broken Families.** In April 2018, The Salvation Army received a grant from the CB & HH Taylor 1984 Charitable Trust to enable us to continue running our Child Contact Centre. The centre provides a safe, well-managed space where children can meet the parent whom they do not live with or have limited contact with. It creates a 'home from home' for families to enjoy precious time together. It also provides toys, games, books and other facilities to create a child-centred environment for youngsters affected by family breakdown.

■ **Summer School Goes Camping.** For many years summer schools have been a feature of Salvation Army life right across the UK. They give children from disadvantaged backgrounds, who would otherwise not go away on holiday, the chance to go to a residential centre for a week of games, activities and exciting new experiences. But in summer 2018, The Salvation Army in Hertfordshire and Essex did something new by setting up camp (quite literally) at Hadleigh Park in Essex. The young campers joined in activities such as mountain biking and archery and also tried their hand at woodworking, gardening and mucking out farm animals at our Hadleigh Farm training centre.

■ **Out-of-School Excellence.** In many areas, Salvation Army breakfast clubs and after-school clubs are a lifeline for parents who work long hours, giving their children somewhere safe to play, meet friends and learn. In Failsworth in Greater Manchester, the excellence of so much of this work was celebrated in 2018 when our out-of-school club was awarded an 'Outstanding' rating by Ofsted. The inspector was particularly impressed by the way the club was managed, praising the 'inspiring and admirable enthusiasm' of the staff.

Moving forward

We recognise that today's children and young people are growing up in a rapidly changing world. The Salvation Army will invest in a listening process to ensure we are communicating effectively and understanding their needs and priorities. The range of services and programmes we deliver is diverse, but one thing is certain: our commitment to identifying what we can do to make the greatest, positive impact on young people's lives remains a core thread of our resourcing and funding for local work. For example, we will develop resources to address young boys' mental health in partnership with Youthscape.

POVERTY

Poverty in the UK has grown alarmingly in recent years. At the end of 2018, a report from the Joseph Rowntree Foundation estimated that over four million children in the UK are living in poverty. But in The Salvation Army we don't need statistics to tell us about poverty in Britain today, because we see it in the communities we serve. Here are some examples of how we are taking action to improve the lives of our most vulnerable and disadvantaged fellow citizens.

■ **Debt Advice.** The Salvation Army operates an expanding network of local debt advice centres. There are now 15 centres run by The Salvation Army providing a free, impartial service, with trained staff who are authorised and regulated by the Financial Conduct Authority. The demand for this service is growing rapidly, with almost 70 per cent more cases being opened during the second six months of 2018 than in the first six months.

As well as offering advice, we negotiate with creditors and help our clients find a way forward. However, it is the breadth of support we offer that sets us apart from other organisations. Usually there is a complicated story of how someone has got into debt, often involving domestic abuse, family breakdown or mental health issues. So while we are working on managing the debt, we can offer a wider service to help them get back on their feet.

■ **Helping Families at Christmas.** Christmas is a difficult time for families who are struggling to provide even the basic essentials of food and warm clothing for their children, let alone buy presents and treats. But happily, local corps all over the country have stories to tell about how they brought Christmas joy to families in need last December. In Norfolk our annual Toys & Tins Appeal allowed us to deliver Christmas presents and food parcels to 1,348 families. And across the country, the high street toy retailer, The Entertainer, donated a toy for every toy given to its Big Toy Appeal, so that we could distribute gifts to children in families facing hardship.

■ **Universal Credit.** Based on our knowledge of what is happening to people in communities across the UK, The Salvation Army has been a strong advocate for changes to Universal Credit. In October 2018, in partnership with a number of other supported housing providers, we published research highlighting the difficulties which our residents face when attempting to claim Universal Credit, including how setting up online claims can pose problems for claimants. The report suggested a number of simple and practical ways in which the system could be improved.

■ **Asylum Seekers.** In October 2018, The Salvation Army joined with a coalition of other organisations in urging the Government to allow asylum seekers to work. People seeking refugee status here in the UK are restricted from working whilst they wait months, and often years, for a decision on their asylum claim. Many of them are skilled and able, and yet often they have to live in poverty. We want them to be able to support their families and to live in dignity while they wait for their future to be decided.

Moving forward

We have been committed to tackling both the causes and the impact of poverty for our entire existence and this focus will continue. We will continue to monitor and challenge government policy if we feel it is unhelpful to the people we serve, and we will continue to ensure that support is in place for people in need.

DISABILITY

At the very heart of The Salvation Army's faith is the belief that every human being is unique and of infinite worth. That is why we support a wide range of initiatives by our local corps to give disabled people new opportunities to make the most of their abilities.

■ **Work Experience.** Despite all the progress that has been made over the years in education, too many people with learning disabilities still live isolated lives, unable to achieve their potential. That's why we have set up the Blend-In Café at our George Street Centre in Kilbirnie in North Ayrshire. It's a community café, open to the public, which gives adults with learning disabilities the opportunity to gain experience and learn new skills by helping to prepare and serve food. For many people, this will be a first step towards working in the hospitality industry – something they probably never imagined they would be able to do.

■ **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 musical 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 delegates being supported by 44 trained assistants.

Moving forward

Our commitment to inclusivity is critical and a strong thread of our continuing mission is to offer welcoming and supportive environments for all who come to us. We will continue to empower and support people to achieve the best they can in life and we will ensure funding is available for these essential programmes.

In the next year, we will complete the building of the new facility at Strawberry Field, Liverpool, and open it in the service of young people on the 'Steps to Work' programme. The site will include a visitors centre, coffee shop and Fresh Expressions worshipping community.

EMERGENCIES

Every year, The Salvation Army's trained emergency response teams across the UK, with their specially equipped vehicles, attend over 170 incidents, such as fires, floods and road traffic accidents. Their aim is to support the emergency services and comfort people caught up in the crisis. Meanwhile our community centres also provide support to people who are affected, either directly as a result of the incident or because the areas where they live have been evacuated.

■ **Saddleworth Moor fire.** When a huge fire broke out on Saddleworth Moor in June 2018, putting lives and property at risk, around 20 of our volunteers went into action. They served food and refreshments to more than 70 firefighters, mountain rescue teams, park rangers and farmers who were working flat-out to get the crisis under control. The drinks, chocolate bars and sandwiches we handed out played an important part in keeping emergency responders hydrated and energised. Phil Nelson, of the Greater Manchester Fire and Rescue Service, said: 'It is physically draining work and it is vital that our firefighters have regular breaks. I would like to thank The Salvation Army for keeping our crews fed and watered.'

■ **Glasgow School Blaze.** When fire ripped through the Glasgow School of Art in June, The Salvation Army was there to support firefighters and other emergency workers. Our emergency vehicle was constantly on hand to serve food and drink to keep the teams going in the face of a devastating blaze.

■ **Sunderland Power Outage.** When Sunderland was hit by a major power outage in November, local Salvation Army volunteers went into action to serve their local community. For two days they served drinks and meals to local residents who were without heating and lighting in their homes. Our emergency response unit also provided refreshments to workers tackling the emergency and supported the Red Cross.

■ **Shotts Factory Closure.** Just after Christmas 2018, a factory in the Scottish town of Shotts suddenly closed, leaving more than 150 workers redundant, with no wages for the month of December. At the factory there were scenes of chaos, with people being led away in tears. The Salvation Army had some laptops and internet access at their community centre, so they sent out an invitation on social media for people to come and use these to apply for jobs and benefits.

70 people were waiting to come in when they opened their doors on the first day – and soon representatives of the Scottish Government, the Department of Work and Pensions, members of the British and Scottish Parliaments and councillors were also arriving to offer help and advice. Many people left with jobs or benefits advice or – in one case – an apprenticeship. A wonderful example of Salvation Army community leadership in action.

Moving forward

We cannot predict any emergency but we will continue to commit funding and resources to ensure we are adequately trained and equipped to be able to support victims and the support services at any time. This is practically and pastorally a core expression of our ministry.

COMMUNITY

There are Salvation Army centres and churches at the heart of hundreds of communities across the UK. We are the glue that helps to hold many communities together. What's more, some of our most important work is in the most disadvantaged neighbourhoods, in areas where there are few other organisations to offer help and support to the most vulnerable people. Here are a few recent examples of The Salvation Army in action.

■ **Feeding Hungry Families.** In school holidays, when free school meals are not available, many families struggle to find the money to feed their children. That is why in many areas we provide lunch for families who would otherwise go hungry. One example is in Reading, where in 2018 the local Salvation Army joined up with local schools and the Christian charity 'TLG Make Lunch'. Around 70 families a week were given lunch, having registered through the children's school. The relief and happiness it brought to many hard-up families – the joy of being able to enjoy a nourishing meal as a family together – were plain to see.

■ **Winter Care For People In Need.** From November 2018 to March 2019, Hinckley Salvation Army ran a 'community kitchen' to support people who were in need or homeless. In addition to a hot meal, guests were able to access shower facilities, clean clothes, haircuts and foot care – all things that are needed by people who are sleeping rough. Local church leader Major Carol Evans said: 'We had become increasingly concerned by the number of people needing our help. Our community kitchen provided a warm and welcoming space where people could enjoy friendly conversation and receive practical support and advice.'

■ **Building and Strengthening Communities.** In the Bramley area of Leeds, in an example of a holistic approach to ministry The Salvation Army has created its own community, known as Copper Beech, through collaboration with the Social Work Trust and its housing association subsidiary, saha. The development was judged by the Over 50s Housing Awards in 2017 to be the 'Most Outstanding Affordable Housing Community' in the UK and includes 54 newly built homes and a redeveloped family centre. The whole project was designed to provide much more than high-quality accommodation, it also offers space for residents and people from the wider area to come together and be a proper community.

■ **Support for Refugees.** The Salvation Army's support for settling refugees was recognised with a national award in July 2018. The award was for promoting diversity, and it was presented at Homeless Link's Excellence Awards. Judges were impressed by our pioneering support for the Community Sponsorship of Refugees programme, which allows locally-based volunteer groups to resettle refugee families into their communities. The scheme enabled a Salvation Army church in South London to resettle a family from Syria, while in the North West we are supporting six refugee families who have been resettled under a local authority programme.

■ **Celebrating Volunteers.** In June 2018, to mark Volunteers Week, The Salvation Army honoured more than 12,000 UK volunteers who are involved in all our frontline services – from anti-trafficking to homelessness to care for older people. As UK leader of The Salvation Army at this time, Commissioner Lyndon Buckingham wrote to volunteers to thank them – 'The selflessness and commitment of our volunteers is truly astounding,' he says. 'They see each person who suffers hardship or injustice as an individual worthy of their time and respect.'

Moving forward

We will continue to fund initiatives and programmes to support the communities where we are present by building relationships and enabling positive outcomes for individuals and families. The Salvation Army's approach is not to be money- or time-driven. We seek to understand and appreciate the value and contribution that each person brings as we together try to find solutions to issues. Our presence and our work in each community is different. As mentioned earlier, The Salvation Army's strategy is to be locally responsive. We are committed to encouraging greater local agility and responsiveness.

GLOBAL INJUSTICE

As a worldwide organisation, The Salvation Army's compassion and humanity know no boundaries – which is why we in the UK and Republic of Ireland Territory work with some of the poorest people around the world to help them find solutions to their poverty and build a better life for their children.

In 2018 the number of countries in which The Salvation Army is officially working grew to 130. The central African nation of Gabon became the 129th country where The Salvation Army's ministry is officially recognised. Soon afterwards Burkina Faso in North Africa became the number 130.

■ **Hands-On in Ukraine.** Since 1994 The Salvation Army in Winton, Bournemouth, has been helping to provide practical help and support to people of Ukraine as part of a project called Vision of Hope. Every two years a group goes out to Ukraine to work alongside local Salvationists. In 2018 41 people went in three teams. Two teams helped to run children's clubs at the city orphanage in Lviv and the Roma settlement in Poroshkovo. The other team took part in the renovation of Uhnice Hospice for the Elderly, while medically qualified members of the team helped to provide a healthcare service for the area.

■ **Clean Water for All.** In the UK we marked World Water Day 2018 by launching a Helping-Hand Appeal, entitled Waves of Transformation, to support The Salvation Army's international clean water and sanitation projects.

Millions of people around the world face poverty because they can't irrigate their crops and are prone to disease because what water they have is polluted. Kenya is one of several countries where The Salvation Army has been helping communities to change this by building rain harvesting tanks and sand dams and sinking boreholes. Thanks to improved irrigation, farmers are now able to grow more food to feed their families and use the surplus to sell at the local market to generate income.

■ **Fighting Modern Slavery.** In Nigeria, modern slavery (human trafficking) is a major criminal industry. But with the support of the UK and Nigerian governments, The Salvation Army is campaigning in areas where trafficking is rife to make people aware of the misery it inflicts on its victims and help survivors to reintegrate themselves into their own communities. Our Community Awareness and Recovery programme is funded by the Modern Slavery Innovation Fund, administered by the British Home Office.

When the then Prime Minister Theresa May was in Nigeria in August 2018, she made time to visit a Salvation Army centre in Lagos to meet staff and volunteers who are engaged in this vital humanitarian work. She also met survivors of modern slavery and their families, who spoke frankly to her about the terrible exploitation they had endured and how they are now facing the future with renewed hope because of the work we are doing.

Read more about The Salvation Army's work fighting modern slavery via the following link – www.salvationarmy.org.uk/modern-slavery-statement

Moving forward

We are and we will remain part of the international Salvation Army. We will continue to support developments across the world and we will continue to use restricted funds to enable and facilitate programmes that will make a sustainable difference.

RAISING FUNDS

Context:

The Salvation Army requires substantial funding to maintain its extensive diverse operations across the UK. The task of raising these valuable funds is undertaken in a number of ways. Local Salvation Army corps (churches) and community centres are expected to actively fundraise within their church membership and within their wider community to support their community programmes. In addition, there is a centrally managed fundraising operation which manages the disciplines of national fundraising programmes and provides additional resources and support to corps-based fundraising initiatives and support to members of the public who want to do something to raise funds for The Salvation Army.

In the main, fundraising for The Salvation Army is carried out under the registration of The Salvation Army Trust and therefore fundraising activity is accounted for in this report.

A proportion of fundraised income is granted to The Salvation Army Social Work Trust each year as part of the budgeting process. The Salvation Army Social Work Trust funds our centrally managed residential services for homeless and older people as well as other centrally co-ordinated programmes such as our Employment Plus service, and programmes for people with addictions and disabilities. The separate report and accounts for The Salvation Army Social Work Trust documents this work and its finances.

Local fundraising:

The Salvation Army has 667 corps and community centres across the UK, and each is expected to identify ways to meet the needs of the community which they serve. This means that The Salvation Army is able to be responsive and agile in the ways it delivers support programmes. Each local Salvation Army centre is expected to find ways to raise funds to support their local work as much as it can. Church membership giving totalled £18m in 2018/2019 and this helps to sustain the local life of The Salvation Army as a church. In addition, local fundraising delivered approximately an additional £10m which helps fund the practical support that is needed in the communities that The Salvation Army serves, examples of which are described in the narrative of this report.

Salvation Army church membership also actively engage in two main annual fundraising drives, the *Self-Denial Appeal* and the *Big Collection*. The annual *Self-Denial Appeal* in February and March helps fund Salvation Army work in overseas territories. In 2019, the appeal raised £1.2 million and the funds helped support the work of The Salvation Army's school for blind children in Kingston, Jamaica. The 2019 appeal income was a 21% increase over the 2018 total of £0.97m, and is the highest *Self-Denial Appeal* result for 12 years.

The Salvation Army *Big Collection* is an annual public campaign in September, whereby church membership actively raise funds to support our residential programmes for people experiencing homelessness, older people, and people needing help with addictions. In 2018, this appeal raised £1.44m. The total income was a slight decrease over the previous year, 2017, which totalled £1.59m.

National Fundraising:

Centrally co-ordinated fundraising activities deploy the various disciplines of fundraising to seek funds for many aspects of the work of The Salvation Army, and in many ways it is the lifeblood of our organisation and enables us to be responsive, to deliver practical services and deliver against our mission statement. In 2018/2019 we received a total of £55.8m in donations from the public. As noted above, approximately £10m was raised locally by individual Salvation Army corps, and the remainder, £45.8m, was secured by national and centrally co-ordinated fundraising activities, summarised below. Furthermore we received a total of £60.3m in legacies.

The funds raised from national fundraising programmes support corps-based community work. Funds raised will also help meet the cost of refurbishing our buildings to ensure they are compliant and fit for the delivery of community programmes. Funds raised will also form the annual support for our work with people who are homeless, older people and people with addictions which is carried out by our Social Work Trust.

Appeals to the public:

Total public and supporter donations in response to our national appeals programme for 2018/2019 was £41.5m, including regular giving and Gift Aid. This was a significant increase over 2017/2018 which totalled £37.8m and was mainly the result of a more successful Christmas appeal than anticipated and subsequent increased Gift Aid income. We also saw an increase in unsolicited donations.

The Salvation Army would want to put on record here its deep appreciation of the support that our donors and the public have given.

Legacies

Legacy income is a substantially important income stream to support our work and protecting this income is an important task. We received a total of £60.3m in legacies during 2018/2019. Over 60% of our legacies now comes from supporters and again we acknowledge this very special form of support.

Our fundraising programme includes a sensitive and respectfully infrequent approach to our supporters to ask them to consider leaving us a gift in their Will, and we have a small team of staff who are able to handle enquiries and offer information. A key development in 2018/2019 was the extension of the free wills programmes that are on offer in the UK and participating more actively in this promotion increased the number of pledges or promises of support.

Grant-making trusts and foundations

The support we receive from charitable trusts and grant-making foundations is critical to many developments and initiatives and we are grateful to them all for their loyalty and support. In 2018/2019 we received grants totalling £2.61m, which is an increase over 2017/2018 of £395k.

Corporate giving

There is a substantial level of corporate support for Salvation Army corps that is secured and managed locally which makes a considerable, positive impact through gifts in kind and donations. We also have a smaller number of centrally managed partnerships and in 2018/2019 we worked closely with The Entertainer (toy shop chain) to create a toy appeal across 160 shops matched with 160 Salvation Army corps. In each shop and online, customers could donate toys for The Salvation Army to give to families. The appeal generated over 37,000 presents.

Our Fundraising Approach

The ethos of our approach is that fundraising activities must reflect our values and should be carried out in a manner that the public and our supporters and funders would expect of The Salvation Army – sensitive, courteous, sincere and genuine.

We do not use professional fundraising agencies such as outbound telemarketing agencies or face-to-face/street fundraising agencies to fundraise on our behalf. Our public, street and house-to-house cash-collection fundraising operations are carried out by members and volunteers drawn from and connected with our congregations. We do use a bureau to handle inbound telephone donations and to call back people who have texted us or otherwise contacted us in order to make a donation when we cannot handle such calls in-house by our own staff. This is usually only at Christmas when call volumes are high. Call handling is monitored and we set high standards for the way callers are spoken to. The term 'professional fundraiser' encompasses individuals who participate in some challenge events. These relationships are managed centrally with due diligence as to clarity and transparency in terms of an agreement between The Salvation Army and the participant who is fundraising for us. Advice is provided regarding the correct solicitation statements that the fundraiser should use when asking for sponsorship or donations.

Fundraising Standards

We subscribe by annual levy to the Fundraising Regulator and thereby work to the standards of the Code of Fundraising Practice. In the year we were fully compliant with the requirements of the Fundraising Preference Service, also run by the Fundraising Regulator. We are not aware of any failures to comply with the standards set by the regulatory bodies.

We are members of the DMA – the Direct Marketing Association – and as members we are expected to uphold the highest levels of compliance and standards.

We are corporate members of the Institute of Fundraising and fundraising managers are individual members.

A critical feature of 2018/2019 was the implementation of GDPR and we took this as an opportunity to renew our privacy notices and our privacy statements and to ensure all supporters had and continue to have an opportunity to review their relationship with us.

Fundraising on Our Behalf

Where people or organisations offer to fundraise on behalf of The Salvation Army, we aim to ensure that a contract or agreement is in place and that the relationship, performance and delivery is overseen either locally or centrally.

Monitoring of Fundraising

Salvation Army officers and corps treasurers will monitor fundraising carried out locally by members of the local congregation and by volunteers. Centrally we have a briefing and monitoring programme to assess the performance of our telephone bureau handling inbound donation calls and to ensure the quality of the calls meets our standards for sensitivity and kindness. Trustees are also briefed on the requirements of CC20, and their duties in relation to fundraising.

Complaints

For 2018/2019, we received a total of 84 complaints about fundraising, down from 104 in 2017/2018. This is a comparatively low figure for the sector and represents the degree to which we have developed a fundraising programme that is as sensitive and respectful as possible.

All complaints are handled in accordance with our Complaints Policy, which itself is based on the recommended standards set by the Fundraising Regulator. Our Policy is accessible on our website.

Protecting Vulnerable People

As a church and charity working locally and nationally with some of the most vulnerable and marginalised people in communities across the UK, and with a brand that is synonymous with kindness, sensitivity, sympathy, deep understanding and tolerance, our approach and ethos is to fundraise in the most sensitive ways we can.

Because we do not use external or 'professional' fundraisers to fundraise on our behalf, we are very much in control of how fundraising appeals are carried out.

Our supporters and the charitable giving public generally are our lifeblood, and the relationship we have with our supporters is precious to us. The ethos of our fundraising is principally based on what we feel it is fair, ethical and appropriate to ask for. Our corporate values of integrity, accountability, compassion and respect are not only at the heart of our mission as a church and charity, but are also the driving forces for the way in which we fundraise.

REVIEWING FINANCES

The Accounts have been prepared in accordance with the Charities SORP and Financial Reporting Standard (FRS 102).

Our main sources of income are as follows:

	2019	2018
		(restated)
	£m	£m
Legacies	60.3	63.6
Donations from the public	55.8	53.0
Donations from members	18.1	19.1
Grants	4.1	2.7
Trading income	88.2	79.4
Associate company	-	0.1
Investment income	4.6	4.6
Other income	6.7	8.9
	237.8	231.4

Voluntary income

Voluntary income (including legacies, donations and grants from trusts and foundations) represents 58% of our total income and we continue to be deeply and sincerely grateful to the individuals who have remembered us in their wills, which is a crucially important, sustaining income stream.

Donations from members represent the weekly or planned giving by soldiers and other members of The Salvation Army to their local Salvation Army corps (church).

Trading income

Trading income comprises:

- Corps trading activities, mainly charity shops (£15.8 million). Net trading income is consistent at £7.9 million. Corps use the funds raised to support their local programmes.
- Income of trading subsidiaries: The Salvation Army General Insurance Corporation (£18.2 million) and The Salvation Army Trading Company (£54.3 million). There has been a decrease in net trading income to £6.5m from £8.8m.

Associate company

This represents our share of profits in Reliance Bank to the date of disposal.

Other income

This includes the gain on disposal of properties and a Rights to Light compensation payment of £248,000 for the high rise development opposite Territorial Headquarters.

Expenditure

Expenditure has increased from £196.7 million to £233.4 million.

	2019 £m	2018 £m
Cost of raising donations and legacies	10.9	11.6
Cost of trading activities	74.0	62.4
Total cost of raising funds	84.9	74.0
Charitable activities:		
Church and evangelism programmes	49.5	42.2
Community programmes	64.7	54.1
International programmes	5.5	5.0
Training programmes	6.5	5.5
Youth and young people's programmes	2.4	2.0
Grant to Social Work Trust	19.9	13.9
Total charitable activities	148.5	122.7
Total expenditure	233.4	196.7

Costs of raising donations and legacies

This represents the costs of our central Fundraising Department and the cost of our appeals and other costs associated with raising funds.

Church and Evangelism Programmes

This represents Christian worship and the teaching and promotion of the Christian message at our corps, regionally and nationally. Expenditure has increased primarily due to staff pension costs and planned maintenance costs on properties.

Community Programmes

Programmes organised by our corps to meet the needs of their local community are increasing in scale and diversity, and are described elsewhere in this report.

International Programmes

This represents grants to The Salvation Army International Trust, overseas projects funded by the UK Territory and the costs of the International Development Unit.

Training Programmes

This represents the costs of William Booth College which trains people to become Salvation Army officers and runs education and learning programmes for employees and officers.

Youth and Young People's Programmes

This represents national programmes including The Salvation Army's work with young people and young adults.

Grant to The Salvation Army Social Work Trust

This represents the financial support provided to our social programmes for those in need. This includes work with the homeless, older people, unemployed people and victims of human trafficking.

Gender pay gap

The Salvation Army is now required by law to publish gender pay gap information. Our 2018 report reveals that we compare favourably with other organisations, but states that we are not being complacent. The report shows that our mean average gender pay gap is 13.9 per cent. In other words, when comparing mean hourly rates, women earn 86p for every £1 that men earn. This reflects the fact that there are proportionately more male employees than women in management roles. We are doing all we can to promote gender diversity in our workforce and we will continue to report annually on our progress.

Net income, including gains on investments of £12.4 million (2018: £1.1 million), was £15.3 million (2018: £35.7 million). The gain on investments is a book gain only.

Funds Analysis

Total funds as at the year end were as follows:

	2019	2018
	£m	£m
Endowment funds	16.3	15.4
Restricted funds:		
Property fund	308.5	305.3
Corps funds	48.9	49.1
Legacy reserves	75.1	74.0
Trust funds	2.6	2.4
Specific donations	11.7	8.2
	446.8	439.0
Unrestricted funds:		
Non-charitable trading funds	19.2	19.9
Designated funds	137.6	129.9
General reserve	20.4	21.1
	177.2	170.6
Total funds	640.3	625.0

Endowment Funds

Only the income arising on these funds is available for expenditure.

Restricted Funds

The property fund represents property assets owned by The Salvation Army for operational purposes and hence is not available for expenditure.

Corps funds represents funds generated by corps. These are restricted for use in their local area.

Other restricted reserves represent funds given by donors for specific purposes.

Unrestricted Funds

Non-charitable trading funds are profits retained in the subsidiary companies to provide working capital for their trading operations.

Designated funds are set aside by the directors for specific purposes, principally the acquisition of officers' quarters and major maintenance work on the property portfolio. Salvation Army officers (active and retired) are provided with accommodation. Funds have been set aside to enable the purchase of suitable properties as they are required. Funds have also been set aside to fund the work required on corps properties as part of our continuing planned maintenance rolling five-year programme. Funds are also designated to finance new Mission initiatives, contribute to Officers and Employees Pension Funds, fund Field Service Training and various approved standalone programmes. All designated reserves are reviewed annually for obsolescence with surpluses being transferred back to general reserves.

The General Reserve represents funds which are freely available for the general purposes of the charity. At £20.4 million this represents approximately four months' unrestricted expenditure on charitable activities and is in line with the optimum level of £20 million agreed by directors.

RESERVES POLICY

Our reserves policy focuses on the level of general reserves.

We rely on donations, legacies and grants to fund our activities. These can be uncertain and fluctuate from year to year. They represented 60 per cent of our total income for the year ended 31 March 2019. We need reserves to ensure that the operation of our church and community programmes can continue in the event of fluctuations in voluntary income and unexpected expenditure.

The directors have reviewed all the main income and expenditure streams and the financial risks associated with them. They consider that the charity requires general reserves of approximately £20 million to ensure continuing operations. As at 31 March 2019 the charity had general reserves of £20.4 million.

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:

Asset Class	Benchmark	Range
	%	%
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/> 100 <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.

Asset Class	Performance Benchmark
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.

Asset Class	Performance Benchmark
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:

	CIF1	CIF2
	%	%
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:

	CIF1	CIF1	CIF1	CIF2	CIF2	CIF2
	2019	2018	2017	2019	2018	2017
	%	%	%	%	%	%
(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 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.

The United Kingdom (with the Republic of Ireland) Territory 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 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) SATCo is appointed as the sole ordinary trustee of the trusts listed in Schedule 5 to that Act.

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

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

Connected Trusts

SATCo is the trustee of a number of connected charitable trusts which are concerned with specific aspects of the Army's work.

The Salvation Army Social Work Trust

Governing instrument: Deed Poll dated 30 January 1891 and a supplementary deed dated 26 March 1969. Registration No 215174 in England and SC037691 in Scotland.

The objects of The Salvation Army Social Work Trust are to promote the charitable work of The Salvation Army, as SATCo shall think fit, in one or more of the following ways:

- 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

William Booth Memorial Trust

Governing instrument: Trust Deed dated 19 September 1921. Registration No 312882.

The purpose of this trust is the establishment, maintenance and operation of a college for the instruction and training of men and women for service as officers of The Salvation Army.

SUBSIDIARY AND ASSOCIATED COMPANIES

The following companies are beneficially owned by The Salvation Army Trust (percentage held) and donate all or part of their profits to The Salvation Army Trust:

1. The Salvation Army Trading Company Limited (100%)
2. The Salvation Army General Insurance Corporation Limited (100%)
3. Reliance Bank Limited (49%) (until 31 October 2018)

1. **SATCoL** is a wholly owned subsidiary of The Salvation Army Trust. Its main activity is the collection and sale of second hand clothes donated by the public from its 238 charity shops. SATCoL also supplies Salvation Army publications and other related materials.

2. **SAGIC** is a wholly owned subsidiary of The Salvation Army Trust which was formed in 1909. Its principal activity is transacting property insurance in the United Kingdom. SAGIC also provides home and contents insurance to officers, members and supporters of The Salvation Army as well as to the general public, either directly or through its broker network.

3. **Reliance Bank Limited** is an ethical bank with Christian values. Established in 1890 it was wholly owned by The Salvation Army: 49 per cent by The Salvation Army Trustee Company and 51 per cent by The Salvation Army International Trustee Company until 31 October 2018, when the 49 per cent stake was sold to the majority shareholder.

Connected Company

The Salvation Army Trust holds 20 per cent of the shares in William Leech (Investments) Limited.

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 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 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 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 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.

Remuneration of Key Management

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.

Further information is disclosed in Notes 11 and 12 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
CYBER SECURITY – The risk is that we fail to protect our information systems and the information they hold from malicious attacks resulting in security breaches, loss of service, damage to our reputation and fines.	Cyber and information security controls are in place and are regularly reviewed.
DATA PROTECTION – 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"> • Audit and document personal data processing across the Territory for GDPR compliance • Review and enhance policies, procedures and supporting guidance • Provide mandatory data protection training for staff, officers and volunteers
FINANCIAL SUSTAINABILITY – The risk is that there is insufficient revenue income from donations 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.
HUMAN RESOURCES – 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.
SAFEGUARDING – 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.
SAFE MISSION – The risk is that we are not able to ensure the health, safety and welfare of personnel (including volunteers), 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 ¹	(Appointed 08.11.19)
Lieut-Colonel Dean Pallant ¹	(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 ¹	(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)

¹ *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 Trust 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 Trust 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. 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 Trust

Financial Statements

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

		Endowment	Restricted	Unrestricted	2019 Total	2018 Total (Restated)
	Notes	£000	£000	£000	£000	£000
INCOME AND ENDOWMENTS FROM						
Donations, Legacies and Grants						
Legacies		-	12,368	47,917	60,285	63,639
Donations - Public		-	9,868	45,892	55,760	53,021
Donations - Members	2	-	17,932	188	18,120	19,110
Grants	3	206	3,749	171	4,126	2,645
Trading Activities	4	-	15,763	72,474	88,237	79,368
Associated Company	7	-	-	(93)	(93)	141
Investments	5	-	3,092	1,493	4,585	4,626
Other						
Gain on disposal of property		-	1,205	4,280	5,485	6,257
Other income		-	1,741	(518)	1,223	2,565
Total Income		206	65,718	171,804	237,728	231,372
EXPENDITURE						
Raising Funds						
Costs of raising donations, legacies and grants		-	147	10,760	10,907	11,647
Costs of trading activities	4	-	7,930	66,051	73,981	62,450
		-	8,077	76,811	84,888	74,097
Charitable Activities						
	8					
Church and Evangelism Programmes		-	26,110	23,348	49,458	42,238
Community Programmes		-	38,886	25,884	64,770	54,119
International Programmes		-	2,691	2,786	5,477	4,971
Training Programmes		-	6	6,493	6,499	5,522
Youth and Young People's Programmes		-	-	2,359	2,359	1,975
Grant to the Salvation Army Social Work Trust		-	971	19,002	19,973	13,857
		-	68,664	79,872	148,536	122,682
Total Expenditure		-	76,741	156,683	233,424	196,779
Gains/(Losses) on Investments	17(a)	733	155	11,488	12,376	1,107
Gain/(Loss) on sale of Associate		-	-	(1,387)	(1,387)	-
Net Income/(Expenditure)		939	(10,868)	25,222	15,293	35,700
Transfer between funds		-	18,669	(18,669)	-	-
NET MOVEMENT IN FUNDS		939	7,801	6,553	15,293	35,700
Fund balances brought forward (as restated)	30	15,350	439,034	170,600	624,984	589,284
Fund balances carried forward at 31 March 2019		16,289	446,835	177,153	640,277	624,984

All activities reported above, in both the current and preceding years, reflect ongoing activities. Full details of prior year comparatives are reported in note 30. The annexed notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2019

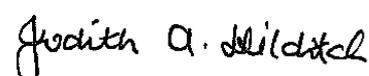
	Notes	Consolidated		Trust	
		2019	2018	2019	2018
		£000	(Restated) £000	£000	(Restated) £000
FIXED ASSETS					
Intangible Fixed Assets	14	3,551	4,722	-	-
Tangible Fixed Assets					
Properties	15	305,949	302,613	304,805	301,826
Property Schemes in Progress	15	13,498	5,735	13,498	5,735
Motor Vehicles and Equipment	16	8,006	7,605	970	868
Investments	17	182,740	177,281	184,623	175,417
		513,744	497,956	503,896	483,846
CURRENT ASSETS					
Short-Term Deposits		97,890	111,569	97,890	111,569
Stock		2,534	1,944	212	242
Debtors	18	43,426	27,883	32,104	20,085
Bank Balances and Cash		25,884	35,960	10,557	23,722
		169,734	177,356	140,763	155,618
CREDITORS: amounts falling due within one year	19	(35,762)	(29,222)	(16,109)	(13,251)
NET CURRENT ASSETS		133,972	148,134	124,654	142,367
TOTAL ASSETS LESS CURRENT LIABILITIES		647,716	646,090	628,550	626,213
CREDITORS: amounts falling due after one year	20	(7,439)	(21,106)	(7,439)	(21,106)
TOTAL NET ASSETS		640,277	624,984	621,111	605,107
FUNDS					
Endowment Funds	21	16,289	15,350	16,289	15,350
Restricted Funds					
Property Fund	22	308,478	305,322	308,478	305,322
Other Restricted Funds	23	138,357	133,712	138,357	133,712
Unrestricted Funds	24	177,153	170,600	157,987	150,723
TOTAL FUNDS	25	640,277	624,984	621,111	605,107

The consolidated Balance Sheet incorporates the subsidiary and associated companies.
Approved on behalf of The Salvation Army Trustee Company on 13 December 2019.

The annexed notes form part of these financial statements.



Lieut-Colonel Alan Read
Director



Major Judith Hilditch
Director

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

	Notes	2019 £000	2018 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	29	(11,823)	32,249
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES			
Additions to Intangible Assets		-	(435)
Additions to Properties		(13,765)	(9,236)
Net Additions to Property Schemes in Progress		(9,056)	(2,543)
Proceeds on disposal of Properties		7,526	8,474
Additions to Motor Vehicles and Equipment		(2,550)	(2,616)
Proceeds on disposal of Motor Vehicles and Equipment		85	-
Additions to Investments		(707)	(1,607)
Proceeds from disposal of Investments		7,611	1,551
Investment Income		4,585	5,783
Management of short-term deposits		13,679	(13,724)
		7,408	(14,353)
NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES			
Loan Repayments		(5,661)	(5,187)
Decrease in Cash and Cash Equivalents		(10,076)	12,709
Cash and Cash Equivalents at beginning of year		35,960	23,251
Cash and Cash Equivalents at end of year		25,884	35,960

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

I. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements and which have been consistently applied (except where indicated) are set out as follows:

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention, subject to the inclusion of investments at market value and donated properties at valuation on acquisition, and are in accordance with the Charities SORP (FRS 102) (effective 1 January 2015), Financial Reporting Standard 102, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and the regulations issued thereunder.

The Salvation Army Trust is a public benefit entity as defined by FRS 102.

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

(b) Consolidation

The financial statements aggregate the results of the corps which, for the purposes of compliance with the Statement of Recommended Practice, are considered to be branches, and the results of the subsidiary and associated companies, and of the subsidiary trust (William Booth Memorial Trust). Reliance Bank, which is an associated company, is consolidated using the equity basis of accounting up to the date of disposal.

(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 are met. This includes a review of the form of the instrument and its return. All financial instruments, including loans, are currently classified as 'basic'.

ii. Capitalisation of property improvement and development

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 properties and other fixed assets

The useful lives of properties and other fixed assets are reviewed at each reporting date and depreciation rates adjusted accordingly.

iv. Pension obligations

The provision for contributions payable in respect of past service deficits on the Trust's defined benefit pension scheme is calculated by the appointed actuary taking into account assumptions relating to the discount rate, inflation and increases in salaries and allowances.

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, Legacies and Grants – Donations, including the gross equivalent of those under Gift Aid, legacies and grants are brought into account when the Trust is entitled to the income, receipt is probable and the amount receivable can be measured reliably.
- ii. Investment Income – Dividends and interest are brought into account gross in the year they are due.
- iii. Profits and losses on disposal of assets are reflected in the Statement of Financial Activities in the year of disposal.
- iv. Funds raised by local corps, including trading income, are deemed to be restricted for use in the local area.

(e) Expenditure

Expenditure is charged on the accruals basis.

- i. Irrecoverable Value Added Tax is charged to the related expenditure.
- ii. Resources expended
 - Costs of raising donations, legacies and grants consist of direct campaign appeal expenses and the running costs of the Fundraising Department.
 - Charitable Activities consists of all expenditure relating to the objects of the charity including the costs of supporting charitable activities and projects.
 - Support costs, including governance, have been apportioned to each category of expenditure based on the number of officers and employees involved in each area or on an estimate of the time spent by officers and employees on particular activities.
- iii. The non-capital element of property schemes is written off in the year of completion, and a provision is made annually for schemes in progress. The capital element of such schemes not completed at the year-end is carried forward in the Balance Sheet under the heading of Property Schemes in Progress and is disclosed as a fixed asset.
- iv. Retired Officers Allowance Fund – This is a multi-employer charitable fund which operates in the same way as a defined benefit pension fund. The assets and liabilities cannot be separately identified and therefore the amount charged in the Statement of Financial Activities represents the contribution payable during the year in respect of current service and the total contributions payable (or movement in provision thereof) in respect of past service.
- v. Employees Pension Fund – This is a multi-employer pension fund where the assets and liabilities cannot be separately identified and therefore the amount charged in the Statement of Financial Activities represents the contribution payable during the year in respect of current service and the total contributions payable (or movement in provision thereof) in respect of past service. 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.

(f) Fixed Assets

- i. 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.
- ii. Expenditure on the acquisition of vehicles is capitalised and expenditure on computer equipment and other office equipment which exceeds £15,000 in value (individually or for groups of related assets) is capitalised and depreciated over its economic life.
- iii. Depreciation is provided on tangible fixed assets at the following rates:

Motor Vehicles	– 25% pa on cost
Office Equipment	– 25% pa on cost
Short Leasehold Properties	– over the term of the lease
Freehold and Long Leasehold Properties	– over 50 years
- iv. Goodwill arising on acquisition is amortised on a straight line basis over the estimated useful life which has been estimated to be 10 years.

(g) Investments

To comply with the Statement of Recommended Practice investments are included at market value. Unlisted investments are valued at the share of underlying net assets which equates to fair value. Investment properties have been valued by an internal property surveyor. Residential investment properties have been valued by reference to recent sales of similar properties in the area. Commercial investment properties have been valued by reference to their current rental income.

(h) Stocks

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

(i) Funds

- i. The Property Fund represents monies already expended on the acquisition, construction and improvement of freehold and leasehold properties. Unrestricted designated funds which are applied for property purposes are categorised as restricted giving rise to a transfer during the year.
- ii. The Endowment Funds are held for restricted purposes, where the income only is available to be used in accordance with the wishes of the donors.
- iii. The Restricted Funds are held for restricted purposes, as specified by the donors.
- iv. The Unrestricted Funds include: Designated Reserves held for particular purposes designated by The Salvation Army in the exercise of its discretionary powers and General Reserves representing the net assets not designated for specific purposes.

2. MEMBERS' DONATIONS

This represents Salvationists' personal giving to support their local corps (church) and the work of The Salvation Army.

3. GRANTS RECEIVABLE

	Endowments	Restricted	Unrestricted	2019	2018
	£000	£000	£000	Total	Total
				£000	£000
Other Grants	-	-	138	138	-
Local Authority	-	1,518	-	1,518	1,290
Trusts	206	2,231	33	2,470	1,355
	206	3,749	171	4,126	2,645

4. TRADING INCOME AND EXPENDITURE

Funds generated by corps are retained by the corps for use in the local area and are regarded as restricted for that geographical region.

	2019	2018
	£000	£000
Local corps charity shops and similar trading activities		
Income	15,763	15,630
Expenditure	(7,930)	(7,571)
	7,833	8,059
Trading Subsidiaries		
Income (Note 6)	72,474	63,738
Expenditure (Note 6)	(66,051)	(54,879)
	6,423	8,859

5. INVESTMENT INCOME

	2019 £000	2018 £000
Dividends receivable	2,861	3,152
Interest receivable	749	294
Rental income from investment properties	445	570
Income from connected company	374	467
Investment Income of subsidiary companies (Note 6)	156	143
	4,585	4,626

6. NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARIES

The Salvation Army Trust has two wholly owned trading subsidiaries which are incorporated in the UK. The Salvation Army General Insurance Corporation Limited (SAGIC) transacts insurance business, mainly property insurance. The Salvation Army Trading Company Limited (SATCoL) deals with the collection and recycling of second-hand clothing donated by the general public and is engaged in publishing and the supply of Salvationist materials. Both companies covenant, through Gift Aid, all or part of their profits to The Salvation Army Trust. Where profits are retained, it is for working capital needs and capital for the long-term development of the business. A summary of the trading results of the subsidiary companies for the year ended 31 March 2019 is shown below. Audited accounts of the companies have been filed with the Registrar of Companies.

	SAGIC £000	SATCoL £000	2019 Total £000	2018 Total £000
Profit and Loss Account				
Trading Income	18,156	54,318	72,474	63,738
Cost of Trading Activities:				
Cost of Sales	(16,981)	(25,974)	(42,955)	(34,797)
Distribution Costs	-	(1,334)	(1,334)	(1,103)
Operating Costs	(645)	(20,348)	(20,993)	(18,947)
Other Income/(Costs) Including Taxation	(144)	(625)	(769)	(32)
Total cost of Trading Activities	(17,770)	(48,281)	(66,051)	(54,879)
Investment Income	112	44	156	143
Net Profit	498	6,081	6,579	9,002
Realised Losses on Investments	(88)	-	(88)	(66)
Unrealised Gains on Investments	32	-	32	(127)
Net Income for the year	442	6,081	6,523	8,809
Payable to The Salvation Army Trust (Gift Aid)	(350)	(4,714)	(5,064)	(12,074)
Retained in Subsidiary	92	1,367	1,459	(3,265)

7. INCOME FROM ASSOCIATED COMPANY

The Salvation Army Trust held 49% of the shares in Reliance Bank Limited, the other 51% being held by The Salvation Army International Trust. The company engaged in banking and related financial services. The Salvation Army sold its 49% share interest to The Salvation Army International Trust on 31 October 2018. A summary of its trading results for the 7 month period to 31 October 2018 is as follows:

	2019 £000	2018 £000
Turnover	1,500	2,241
Share of Net Profit (Loss) for the period	(93)	141
Paid to The Salvation Army Trust (Gift Aid)	-	(114)
Share of Retained Profit for the period	(93)	27
Share of Net Assets as at 31 March 2019	-	5,588

8. CHARITABLE ACTIVITIES

	Direct Costs £000	Pension Fund Contribution £000	Grants £000	Support Costs (Note 9) £000	2019 Total £000
Church and Evangelism Programmes	36,075	2,617	-	10,766	49,458
Community Programmes	48,254	3,400	-	13,116	64,770
International Programmes	2,325	-	2,992	160	5,477
Training Programmes	5,122	-	-	1,377	6,499
Youth and Young People's Programmes	832	-	-	1,527	2,359
Support of Salvation Army Social Work Trust	366	-	19,607	-	19,973
	92,974	6,017	22,599	26,946	148,536

Church and Evangelism Programmes comprise Christian worship, teaching and promotion of the Christian message at corps, regional and national events.

Community Programmes are organised by our corps to meet the needs of their local communities. The programmes offered are available to all and include activities for children, young people, families and older people as well as assistance for those in need.

International Programmes comprise support to the work of The Salvation Army worldwide. This includes grants paid to The Salvation Army International Trust and to overseas Salvation Army territories for projects to alleviate poverty in local communities.

Training Programmes represent the cost of William Booth College which trains people to become Salvation Army officers and provides learning and development opportunities for employees and officers.

Youth and Young People's Programmes represent the cost of work within The Salvation Army for young people and adults aged 12-25, and other nationally organised programmes.

Support of The Salvation Army Social Work Trust comprises grants payable to support the running of Salvation Army Lifehouses, care homes and other programmes and other costs incurred in supporting social programmes.

Pension Fund Contribution represents the lump sum payment to the Employees Pension Fund to fund the actuarial liability arising on the latest valuation less the small decrease in the provision for future contributions payable to meet the past service deficit in The Salvation Army Retired Officers Allowance Fund. Full details of the pension funds are set out in note 13.

Support Costs represent centrally supplied services.

9. SUPPORT COSTS

	Finance	HR	IT	Property	Communi- cations	Other	Legal & Secretarial	2019 Total	2018 Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fundraising	79	33	51	62	56	52	36	369	403
Church & Evangelism Programmes	1,998	1,514	1,898	1,731	1,403	1,309	913	10,766	11,082
Community Programmes	2,600	1,652	2,021	2,131	1,826	1,698	1,188	13,116	12,859
International Programmes	33	17	25	27	23	21	15	161	120
Training Programmes	303	116	178	233	213	197	138	1,378	1,514
Youth & Young People's Programmes	415	36	55	268	292	269	190	1,525	1,034
	5,428	3,368	4,228	4,452	3,813	3,546	2,480	27,315	27,012
Total 2018	6,938	4,192	3,908	3,816	1,925	3,515	2,718	-	27,012

An analysis of governance costs, included above, is set out in Note 10 below.

10. GOVERNANCE COSTS

Absorbed within support costs were the following governance costs:

	2019 £000	2018 £000
External audit	121	114
Internal audit	412	248
Trustee expenses	-	2
Support costs allocated:		
Trustee indemnity insurance	13	12
Apportionment of directors' time	138	175
	684	551

II. PERSONNEL

The average number of officers and employees and full-time equivalent (FTE) officers and employees was:

	2019 Headcount Number	2019 FTE Number	2018 Headcount Number	2018 FTE Number
Trust				
Number of Officers	852	841	970	938
Number of Employees	1,567	1,181	1,623	1,198
	2,419	2,022	2,593	2,136
Subsidiaries	612	612	612	634
Total	3,031	2,634	3,205	2,770
			2019 Total £000	2018 Total £000
Personnel Costs		TrustSubsidiaries £000 £000		
Allowances and Salaries	56,116	15,253	71,369	65,067
Redundancy Costs	172	-	172	141
Social Security Costs	4,591	1,110	5,701	5,069
Pension Fund Contributions (Current Service)	11,950	1,558	13,508	12,522
Officers Pension Fund Contributions (Past Service)	(47)	-	(47)	110
Employees Pension Fund Contributions (Past Service)	6,064	-	6,064	-
	78,846	17,921	96,767	82,909

Higher Paid Employees

The number of employees whose emoluments amounted to over £60,000 in the year was as follows:

	Trust No.	Subsidiaries No.	2019 Total No.	2018 Total No.
£60,001 - £70,000	23	-	23	20
£70,001 - £80,000	4	2	6	3
£80,001 - £90,000	-	2	2	2
£90,001 - £100,000	5	2	7	6
£100,001 - £110,000	2	-	2	1
£110,001 - £120,000	-	-	-	-
£120,001 - £130,000	-	-	-	1
£130,001 - £140,000	-	1	1	-
£140,001 - £150,000	-	2	2	3
£150,001 - £160,000	-	1	1	-
	34	10	44	36

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 emoluments including pension contributions paid to key management personnel during the year was £287,643 (2018: £302,017)

12. TRUSTEES

(a) Emoluments:

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. One director who was an employee received emoluments including pension contributions as an employee of £101,472 in total. The other directors did not receive any remuneration.

(b) Expenses

Two (2018: two) directors of The Salvation Army Trustee Company were reimbursed for travelling expenses, amounting to £161 (2018: £2,101).

13. PENSION COSTS

The Salvation Army Trust contribute 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. Full details are set out in note 20.

(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 Trust amounted to £6.1m and this was fully accounted for in the financial year.

14. INTANGIBLE FIXED ASSETS

	<u>£000</u>
Goodwill	
Cost	
Balance at 1 April 2018	11,275
Addition in the year	-
Balance at 31 March 2019	<u>11,275</u>
Amortisation	
Balance at 1 April 2018	6,553
Charge for the year	1,171
Balance at 31 March 2019	<u>7,724</u>
Net Book Value at 31 March 2019	<u>3,551</u>
Net Book Value at 31 March 2018	<u>4,722</u>

Intangible fixed assets represent the goodwill arising on acquisition, by the Trust's subsidiary company SATCoL, of the business operations and net assets of Kettering Textiles Limited. The goodwill is being amortised over 10 years.

15. PROPERTIES

(a) Consolidated

	<u>Freehold</u>	<u>Long</u>	<u>Short</u>	<u>Total</u>	<u>Property</u>
	<u>£000</u>	<u>Leasehold</u>	<u>Leasehold</u>	<u>£000</u>	<u>Schemes</u>
		<u>£000</u>	<u>£000</u>		<u>In Progress</u>
					<u>£000</u>
Cost					
Balance at 1 April 2018 (as restated)	405,492	37,486	229	443,207	5,735
Additions during the year	12,970	795	-	13,765	12,711
Schemes completed during the year	878	415	-	1,293	(1,293)
	419,340	38,696	229	458,265	17,153
Less: Disposals	(2,772)	(461)	-	(3,233)	(3,655)
Balance at 31 March 2019	<u>416,568</u>	<u>38,235</u>	<u>229</u>	<u>455,032</u>	<u>13,498</u>
Accumulated Depreciation					
Balance at 1 April 2018 (as restated)	129,810	10,557	227	140,594	-
Charge for the year	8,900	794	-	9,694	-
Less: Disposals	(1,039)	(166)	-	(1,205)	-
Balance at 31 March 2019	<u>137,671</u>	<u>11,185</u>	<u>227</u>	<u>149,083</u>	<u>-</u>
Net Book Value at 31 March 2019	<u>278,897</u>	<u>27,050</u>	<u>2</u>	<u>305,949</u>	<u>13,498</u>
Net Book Value at 31 March 2018	<u>275,682</u>	<u>26,929</u>	<u>2</u>	<u>302,613</u>	<u>5,735</u>

(b) Trust

	Freehold	Long Leasehold	Short Leasehold	Total	Property Schemes In Progress
	£000	£000	£000	£000	£000
Cost					
Balance at 1 April 2018 (as restated)	404,555	37,365	229	442,149	5,735
Additions during the year	12,600	795	-	13,395	12,711
Schemes completed during the year	878	415	-	1,293	(1,293)
	418,033	38,575	229	456,837	17,153
Less: Disposals	(2,772)	(461)	-	(3,233)	(3,655)
Balance at 31 March 2019	415,261	38,114	229	453,604	13,498
Accumulated Depreciation					
Balance at 1 April 2018 (as restated)	129,569	10,527	227	140,323	-
Charge for the year	8,888	792	1	9,681	-
Less: Disposals	(1,039)	(166)	-	(1,205)	-
Balance at 31 March 2019	137,418	11,153	228	148,799	-
Net Book Value at 31 March 2019	277,843	26,961	1	304,805	13,498
Net Book Value at 31 March 2018	274,986	26,838	2	301,826	5,735

Trust properties comprise primarily corps halls, divisional and Territorial Headquarters buildings and residential properties for active and retired officers.

16. MOTOR VEHICLES AND EQUIPMENT

(a) Consolidated

	Motor Vehicles £000	Office Equipment £000	Total £000
Cost			
Balance at 1 April 2018	1,519	20,792	22,311
Additions	648	1,902	2,550
Disposals	(245)	(101)	(346)
Balance at 31 March 2019	1,922	22,593	24,515
Accumulated Depreciation			
Balance at 1 April 2018	751	13,955	14,706
Charge for the year	357	1,707	2,064
Disposals	(211)	(50)	(261)
Balance at 31 March 2019	897	15,612	16,509
Net Book Value at 31 March 2019	1,025	6,981	8,006
Net Book Value at 31 March 2018	768	6,837	7,605

(b) Trust

	Motor Vehicles £000	Office Equipment £000	Total £000
Cost			
Balance at 1 April 2018	198	1,666	1,864
Additions	117	319	436
Disposals	-	-	-
Balance at 31 March 2019	315	1,985	2,300
Accumulated Depreciation			
Balance at 1 April 2018	75	921	996
Charge for the year	41	293	334
Disposals	-	-	-
Balance at 31 March 2019	116	1,214	1,330
Net Book Value at 31 March 2019	199	771	970
Net Book Value at 31 March 2018	123	745	868

17. FIXED ASSET INVESTMENTS

(a) Consolidated

	Investment Properties	Salvation Army Common Investment Funds		Unlisted Investments	Subsidiaries Listed Investments	Total
		Fund 1	Fund 2			
		£000	£000			
Market Value at 1 April 2018 restated	10,961	4,371	142,197	16,590	3,162	177,281
Acquisitions	-	-	-	206	501	707
Gains on investments	2,578	385	9,121	348	(56)	12,376
Disposals	(14)	-	-	(5,587)	(2,023)	(7,624)
Market Value at 31 March 2019	13,525	4,756	151,318	11,557	1,584	182,740
Historical Cost at 31 March 2019	307	2,963	96,700	8,838	3,266	112,074

(b) Trust

	Investment Properties	Salvation Army Common Investment Funds		Unlisted Investments	Subsidiaries Listed Investments	Total
		Fund 1	Fund 2			
		£000	£000			
Market Value at 1 April 2018 restated	10,961	4,371	142,197	14,421	3,467	175,417
Acquisitions	-	-	-	206	-	206
Gains on investments	2,578	385	9,121	348	-	12,432
Disposals	(14)	-	-	(3,418)	-	(3,432)
Market Value at 31 March 2019	13,525	4,756	151,318	11,557	3,467	184,623
Historical Cost at 31 March 2019	307	2,963	96,700	8,838	3,467	112,275

Unlisted Investments represent a 49% holding in Reliance Bank Limited and a 20% holding in William Leech (Investments) Limited. Reliance Bank was sold on 31 October 2018. Reliance Bank was considered to be an associated company and was accounted for at cost in the Trust Balance Sheet and on an equity basis in the consolidated Balance Sheet. William Leech (Investments) is not considered to be an associated company and is valued in both the Trust and Consolidated Balance Sheets at share of underlying net assets which equates to its fair value.

	2019	2018
	£000	£000
Reliance Bank		
Cost of Shares	-	3,419
	-	3,419
William Leech (Investments) Limited	11,554	11,000
Other	2	2
	11,556	14,421

Subsidiaries are accounted for at cost in the Trust Balance Sheet. The Consolidated Balance Sheet includes the subsidiaries' own listed investments.

Common Investment Funds

The Salvation Army Common Investment Funds hold a wide range of investments. The principal categories of investment and the relevant percentages held at the year-end were as follows:

	Fund 1	Fund 2
Cash	3%	1%
UK Equities	33%	36%
UK Property Funds	9%	10%
Overseas Investments	55%	53%

18. DEBTORS

	Consolidated		Trust	
	2019	2018	2019	2018
	£000	£000	£000	£000
Connected Salvation Army Trusts and Companies	-	421	2,645	3,434
Taxation recoverable	548	1,867	548	1,673
Prepayments and accrued income	29,162	16,186	25,659	13,660
Other Debtors	13,716	9,409	3,252	1,318
	43,426	27,883	32,104	20,085

19. CREDITORS: amounts falling due within one year

	Consolidated		Trust	
	2019	2018	2019	2018
	£000	£000	£000	£000
Loans repayable within one year (secured)	61	102	61	102
Connected Salvation Army Trusts and Companies	2,358	2,369	1,894	2,369
Tax and Social Security	438	220	-	-
Creditors and Accruals	32,905	26,531	14,154	10,780
	35,762	29,222	16,109	13,251

20. CREDITORS: amounts falling due after one year

	Consolidated		Trust	
	2019 £000	2018 £000	2019 £000	2018 £000
Bank Loans (secured)	674	6,294	674	6,294
Pension Provision	6,765	14,812	6,765	14,812
Other Creditors	-	-	-	-
	7,439	21,106	7,439	21,106

Bank Loans

	Consolidated		Trust	
	2019 £000	2018 £000	2019 £000	2018 £000
<i>Repayable by instalments</i>				
Within one year	61	102	61	102
More than one year less than five years	222	265	222	265
More than five years	452	486	452	486
<i>Repayable other than by instalments</i>				
More than five years	-	5,543	-	5,543
	735	6,396	735	6,396

	Consolidated		Trust	
	2019 £000	2018 £000	2019 £000	2018 £000
Pension Provision				
Balance Brought Forward	14,812	18,702	14,812	18,702
Contributions paid	(8,000)	(4,000)	(8,000)	(4,000)
Interest on pension obligation	307	434	307	434
Change in assumptions	(354)	(324)	(354)	(324)
	6,765	14,812	6,765	14,812

21. ENDOWMENTS (Consolidated and Trust)

	Balance 1 April 2018	Movement in Funds Income & Gains/(Losses)	Balance 31 March 2019
	£000	£000	£000
Permanent Endowments			
E.S. Brant	2,109	186	2,295
Sir James Reckitt Trust	493	43	536
W.J. Davis Trust	1,090	98	1,188
Other	638	58	696
	4,330	385	4,715
Expendable Endowments			
William Leech Fund	11,020	554	11,574
Total	15,350	939	16,289

The E.S. Brant Fund was formerly a separate Salvation Army Trust. Its purpose is evangelical work.

The Sir James Reckitt Fund was set up in 1916 for the benefit of the work of The Salvation Army in Hull.

By administrative decision, the income is allocated as to 7/8ths for corps purposes and 1/8th for Men's Social Work.

The W.J. Davis Fund was set up in 1991 to support the work of the Midnight Patrol and the annual income is transferred to the Social Trust to fund this work.

The William Leech Fund was initially set up in 1955 with annual donations thereafter. It is represented by a 20% holding of shares in William Leech (Investments) Limited, with the other shares held equally by four other Christian charities. The annual income is transferred to The Salvation Army International Trust as part of the United Kingdom Territory's contribution to the International Self-Denial Fund to help fund work in developing countries.

22. RESTRICTED PROPERTY FUND (Consolidated and Trust)

Funding of properties for charitable purposes

	Balance 1 April 2018 (restated)	Movement in Funds Income & Expenditure Transfers	Balance 31 March 2019
	£000	£000	£000
Consolidated and Trust	305,322	15,078	(11,922)
			308,478

23. OTHER RESTRICTED FUNDS (Consolidated and Trust)

	Balance 1 April 2018	Movement in Funds Income & Expenditure Transfers & Transfers	Balance 31 March 2018	
	£000	£000	£000	
Corps funds	49,117	44,537	(44,794)	48,860
Legacy reserves	74,016	14,519	(13,468)	75,067
Trust funds	2,435	274	(154)	2,555
Specific donations	8,144	3,966	(235)	11,875
Consolidated and Trust	133,712	63,296	(58,651)	138,357

24. UNRESTRICTED FUNDS (Consolidated and Trust)

	2019 £000	2018 £000
Designated Funds (i)	137,635	129,581
General Reserve (ii)	20,352	21,144
Trust	157,987	150,725
Non-charitable Trading Funds (iii)	19,166	19,875
Consolidated	177,153	170,600

i. Designated Funds

The Unrestricted Funds of The Salvation Army include the following designated reserves which have been set aside by the directors for specific purposes:

	Balance 1 April 2018 £000	New Designations £000	Utilised/ Realised £000	Balance 31 March 2019 £000
Property Purposes	68,036	12,000	(9,028)	71,008
Investment Property Unrealised Gains	10,640	-	2,578	13,218
Other Investments Unrealised Gains	39,363	-	8,967	48,330
Pension Reserve	(14,812)	-	8,047	(6,765)
DHQ Reserves	5,634	-	(145)	5,489
Other	20,720	1,000	(15,365)	6,355
	129,581	13,000	(4,946)	137,635

ii. General Reserve

This is required to fund the day-to-day needs of The Salvation Army.

iii. Non-Charitable Trading Funds

This represents the profits retained in the trading subsidiaries and associated company to provide the working capital for their trading operations and capital for the long-term development of their businesses

25. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

Fund Balances at 31 March 2019 are represented by:

	Endowment Funds £000	Restricted Funds Property £000	Other £000	Unrestricted Funds £000	Total Funds £000
Intangible assets	-	-	-	3,551	3,551
Fixed assets	-	319,755	-	7,698	327,453
Investments	16,289	-	91,157	75,294	182,740
Current assets	-	(10,542)	48,860	131,416	169,734
Current liabilities	-	(61)	(1,660)	(34,041)	(35,762)
Long-term liabilities	-	(674)	-	(6,765)	(7,439)
Total Net Assets	16,289	308,478	138,357	177,153	640,277

26. CAPITAL COMMITMENTS

The directors are continuing the process of refurbishing and developing Salvation Army properties. At the Balance Sheet date contractual obligations entered into by The Salvation Army Trust in respect of property capital schemes amounted to £45.9m (2018: £17.0m).

27. FINANCIAL COMMITMENTS

As at 31 March 2019 the total annual commitments under non-cancellable operating leases on vehicles and equipment and land and buildings, are as follows:

	2019		2018	
	Land and Buildings £000	Vehicles and Equipment £000	Land and Buildings £000	Vehicles and Equipment £000
Expiring within 1 year	4,469	326	4,028	222
Expiring between 2 and 5 years	8,160	2,409	7,299	3,297
Expiring in over 5 years	601	-	124	-
	13,230	2,735	11,451	3,519

28. RELATED PARTY TRANSACTIONS

The Salvation Army Trust supports the work of other connected Salvation Army trusts through the payment of grants and these are set out in Note 8. Grants of £3.0 million were paid to The Salvation Army International Trust and overseas Salvation Army territories (2018: £2.6 million) and a grant of £19.6 million was paid to The Salvation Army Social Work Trust (2018: £13.9 million).

An overhead recharge and a further recharge for fundraising and publicity were charged to The Salvation Army Social Work Trust during the year, representing that Trust's share of central overhead and fundraising costs specific to The Salvation Army Social Work Trust 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 Salvation Army Trust uses the banking services of Reliance Bank Limited which, as stated in Note 7, was an associated company of The Salvation Army Trust until its disposal during the year. At the year end The Salvation Army Trust held balances of £108.5 million with Reliance Bank (2018: £133.1 million). Interest was earned on deposit balances on a normal commercial basis.

The son of Colonels David and Sylvia Hinton, who were directors of The Salvation Army Trustee Company during Financial Year 2018-2019, has provided IT consultancy services to The Salvation Army Trust amounting to £45,988 (2018: £34,108).

The brother of Lieut-Colonel Mike Caffull, who is a director of The Salvation Army Trustee Company, is the managing director of Salvation Army Trading Company Ltd (SATCoL). His salary is paid by SATCoL and he had no direct transactions with The Salvation Army Trust.

29. RECONCILIATION OF NET MOVEMENT OF FUNDS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2019 £000	2018 £000
Net Movement in Funds	15,293	35,566
Losses/(Gains) on Investments	(12,376)	(973)
Depreciation: Properties	9,694	9,538
Depreciation: Motor Vehicles and Equipment	2,064	1,888
Amortisation of Goodwill	1,171	1,142
Gain on Disposal of Properties	(5,485)	(6,257)
Investment Income	(4,585)	(5,783)
Decrease in Stocks	(590)	93
Increase in Debtors	(15,542)	(5,493)
Increase in Creditors	6,580	6,418
(Decrease) in Pension provision	(8,047)	(3,890)
	(27,116)	(3,317)
Net Cash Inflow from Operating Activities	(11,823)	32,249

30. PRIOR YEAR ADJUSTMENT

Following a review of the properties held by the Trust, a number of properties were identified which are no longer required for mission purposes and which are being held primarily to generate rental income. A prior year adjustment has been made to recognise that these properties should have been disclosed as investment properties. The effect on the prior year numbers is as follows.

	Amount Previously Reported	Prior Year Adjustment	Amounts Now Reported
Consolidated Balance Sheet			
Fixed Assets			
Tangible Fixed Assets: Properties	302,934	(321)	302,613
Fixed Asset Investments	166,320	10,961	177,281
		<u>10,640</u>	
Funds			
Restricted Property Fund	305,643	(321)	305,322
Unrestricted Reserves	159,639	10,961	170,600
		<u>10,640</u>	
Consolidated Statement of Financial Activities			
Gains on Investments	973	134	1,107
Funds Balances Brought Forward	578,778	10,506	589,284
		<u>10,640</u>	

31. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITY

As required by FRS 102 the SOFA set out below is the full analysis for the 2018 comparative, as restated for the prior year adjustment.

	Notes	Endowment £000	Restricted £000	Unrestricted £000	2018 Total £000
INCOME AND ENDOWMENTS FROM					
Donations, Legacies and Grants					
Legacies		-	10,675	52,964	63,639
Donations – Public		-	10,140	42,881	53,021
Donations – Members	2	-	18,935	175	19,110
Grants	3	195	2,450	-	2,645
Trading Activities	4	-	15,630	63,738	79,368
Associated Company	7	-	-	141	141
Investments	5	-	2,148	2,478	4,626
Other					
Gain on disposal of property		-	1,142	5,115	6,257
Other Income		-	2,096	469	2,565
Total Income		195	63,216	167,961	231,372
EXPENDITURE					
Raising Funds					
Costs of raising donations, legacies and grants		-	175	11,472	11,647
Costs of trading activities	4	-	7,571	54,879	62,450
		-	7,746	66,351	74,097
Charitable Activities					
	8				
Church and Evangelism Programmes		-	25,391	16,847	42,238
Community Programmes		-	35,545	18,574	54,119
International Programmes		-	2,871	2,100	4,971
Training Programmes		-	-	5,522	5,522
Youth and Young People's Programmes		-	-	1,975	1,975
Grant to the Salvation Army Social Work Trust		-	1,594	12,263	13,857
		-	65,401	57,281	122,682
Total Expenditure		-	73,147	123,632	196,779
Gains on Investments	17(a)	220	16	871	1,107
Net Income/(Expenditure)		415	(9,915)	45,200	35,700
Transfer between funds		-	16,047	(16,047)	-
NET MOVEMENT IN FUNDS		415	6,132	29,153	35,700



Charity Registration No: 214779 Scottish Charity Registration No: SC009359

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