



The Salvation Army United Kingdom Territory

**The Salvation Army Trust
Report and Financial Statements
for the year ended 31 March 2020**

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Principal Office

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Trustees' 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 TRUST'S PRINCIPAL OBJECTIVES

The Salvation Army's principal objectives are the advancement of the Christian religion 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.

WHAT WE DO - OVERVIEW

- We offer and are energised by Christian worship, teach Christian principles and encourage Christians to live out their faith in every aspect of life. We promote the Christian good news through various media including literature, music, digital media and personal evangelism.
- We provide community programmes through corps (local churches) and in communities that are relevant to local needs, to assist people of all ages enhance their quality of life, self-respect, personal development and relationships with others. We work alongside local communities to ensure that we are partnering with them and other agencies to meet local need. We do that through formal and informal activities.
- We seek to influence policymakers, providing information on social issues affecting people on the margins of society. We seek to amplify these voices and help society be fairer, more caring and just.
- 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 mission priorities - transformation, integration, discipleship and effectiveness (TIDE) - in everything we do.



Transformation



Integration



Discipleship



Effectiveness

KEY STATISTICS & DIMENSIONS OF OUR MISSION

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.

INTRODUCTION FROM THE TERRITORIAL COMMANDER



Commissioner Anthony Cotterill

No one gets involved with The Salvation Army to lead a quiet, uneventful life, as I believe you will see as you read this Annual Report.

As a Christian church, we are passionate in our commitment to the growth of God's Kingdom through our churches, centres, on the streets, in homes and wherever people gather together.

As people who are committed to putting our faith into practice, we welcome into our churches and centres people who are grieving and lonely. We share meals with hungry people. We shelter and support people experiencing homelessness.

I am inspired by the boundless energy and limitless compassion our people share every day in hundreds of communities across these nations. We battle with some of the gravest social problems of our age, such as poverty, unemployment, social exclusion, addiction, modern slavery and debt.

This review celebrates many significant achievements. We have developed our work for young people with learning disabilities, with the opening of our new training centre at Strawberry Field in Liverpool. We have opened Malachi Place, an innovative new centre for homeless people in Ilford, north London. We are embracing new thinking about how we reach people with addiction problems. We are taking exciting new approaches to caring for people living with dementia.

Much of our work is community-based, not following a rigid pattern or plan, but responding to the needs of local people. This is the work you will read about in this Salvation Army Trust report. What's more, the advantages of this flexible, compassionate approach could be seen in the way we responded to the coronavirus pandemic from March 2020 onwards.

In cities, towns and villages across the UK, we rose to the challenge of feeding hungry people and giving companionship and practical help to those who were isolated during lockdown. Some of our usual activities could not continue for a time because of the pandemic, but (as you will see) Salvation Army people are amazingly resourceful in finding new ways to deliver our services.

So today I offer my warmest thanks to our officers, staff, members and volunteers for the tremendous work they have done. I also thank all the people who support our work through their generous donations. Without you, we could not do what we do. Without you, we could not be where we are.

Thank you and God bless you.

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

Commissioner Anthony Cotterill
Territorial Commander

Appointed August 2018 as leader of The Salvation Army UK Territory with the Republic of Ireland

EXPLAINING OUR STRATEGY, STRUCTURE AND OPERATION

How we work

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 coordinated social work services across the United Kingdom. This work is reported separately 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 coordinated 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.

Because The Salvation Army's approach is to not have a tightly defined corporate strategy and instead to prioritise local response to local need, and to ensure there is adequate funding for that to happen, this report seeks to illustrate some examples of what we have achieved and delivered at local level and nationally across the financial year.

Therefore, 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.

Our organisational structure and how it enables agile delivery

Leadership of The Salvation Army:

The Salvation Army was founded in 1865 by William and Catherine Booth and is currently operating in more than 130 countries.

The 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 current general is Brian Peddle who was elected into office in August 2018.

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 are the leaders of The Salvation Army in the UK and Republic of Ireland.

Further information on our legal structures and our governance is included later in this report.

Organisational structure:

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; 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.

To 'make sense' of The Salvation Army, it is important to remember that The Salvation Army is essentially a church. Everything The Salvation Army does should positively contribute to making the world a better place - as God intended it to be.

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 corps officer is accountable to his or her community but is operationally accountable to one of 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 is the subject of this Annual Report and Accounts for The Salvation Army Trust.

Alongside the locally driven operations, The Salvation Army operates centrally coordinated 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.

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

Therefore, what sets The Salvation Army apart from other organisations is that we also have the combined strength of our centrally coordinated social work services and local responsiveness of our corps (churches) and community centres who are all playing their part to bring lasting change at a local and national level.

Every officer, member of staff and volunteer brings their own unique insight into the lives of the service users and communities they serve to inform the work that we do and help us prioritise which reforms we will campaign for on behalf of the marginalised and vulnerable.

Looking forwards as an organisation:

The Salvation Army continually reflects on its practice and seeks ways to increase its impact. During 2019/20 we started implementing recommendations after a detailed review process. One of these was the implementation of an agile working policy to allow greater flexibility for staff, and a rationalisation of what was an array of different pay scales, as part of the People Strategy. We will continue this valuable work moving forward in a time when home-working and working from home is now an everyday part of the work pattern for many of our staff who were previously entirely office based. In turn we will be reviewing our office-space requirements as we move forward and as we start to make careful decisions on the type and size of headquarters we need for the future. We will continue our strengthening of our IT systems and cybersecurity and the roll out of Microsoft Office 365 and we will continue to review our national and regional structures and operational and support strategies.

2019 / 2020: A YEAR IN REVIEW - HIGHLIGHTS, ACHIEVEMENTS AND IMPACT

The Salvation Army Trust is one of the two Salvation Army charity registrations and it is the charity through which most of our corps (church) based community work is carried out. As commented previously, our ethos is to resource, enable and facilitate our 'frontline' of 650 churches and community centres to identify the most pressing needs in their communities and implement ways to meet those needs. This means that across the UK and Ireland, there are hundreds of programmes, initiatives and services in operation at any one time, in support of tens of thousands of people. These programmes are always evolving and developing, and this section of the Report and Accounts serves to illustrate innovations and highlight examples of The Salvation Army putting its faith into action during 2019/20.

ENERGISING CHURCH LIFE

The Salvation Army is an international Christian church worshipping and working in 131 countries and has more than 800 local churches and residential centres in the UK and Republic of Ireland. Our purpose is to extend God's Kingdom on earth as it is in heaven. The inspiration, passion and energy for all the work we do comes from God.

Throughout this report, you will read examples of Salvation Army corps (churches) involved in a wide range of activities and service to community. Our work is energised by our worship of God.

■ **Territorial Commander's message of hope.** In the early days of the pandemic, our Territorial Commander for the UK and the Republic of Ireland, Commissioner Anthony Cotterill, sent this hopeful message to members and supporters of The Salvation Army. He quoted Paul in his second letter to the Corinthians: 'Therefore, since through God's mercy we have this ministry, we do not lose heart ... We are hard-pressed on every side, but not crushed; perplexed but not in despair; persecuted, but not abandoned; struck down but not destroyed.' Commissioner Cotterill continued: 'We are going to have to reimagine who we truly are because this is not a time for The Salvation Army to disappear. This is a time to regroup and intentionally seek to respond to the emerging needs of our communities in new ways.'

■ **New podcast reaches out to young people.** September 2019 saw the launch of The All Terrain Podcast, a monthly release from The Salvation Army's Youth and Children's Ministries that invites special guests to share some of their life stories and the wisdom they have picked up along the way. Since we shared our first episode, the podcast has been in the Top 10 in the 'Christianity' chart and No 25 in the 'Religion and Spirituality' chart on Apple Podcasts. In each episode, a guest joins our host for an imaginary hike. Territorial Youth and Children's Secretary Major Helen Schofield says: 'We have received some really positive feedback since our launch. We would like to encourage everyone to listen and share this podcast. It is amazing to see The Salvation Army being a voice and presence in this space.'

■ **War Cry exhibition.** The 140th anniversary of the *War Cry* was marked in January 2020 with an exhibition of front covers at Gallery 101 in The Salvation Army's International Headquarters in London. It featured several important and historic events, such as the funerals of William and Catherine Booth the end of the First and Second World Wars. The appearance of *War Cry* has changed a great deal over the years, especially with the introduction of colour in 1990. However Major Andrew Stone, who launched the exhibitions, said that its purpose has not changed. In the first issue on 27 December 1879, William Booth said it was being published because The Salvation Army intended 'to arise and fight more furiously than ever for the salvation of our fellows from the forces of evil'.

Looking ahead:

The Salvation Army is a church with a deep belief in the power of building relationships. The ongoing pandemic has placed some real challenges in our path as a worshipping and thriving church in terms of maintaining a sense of community and belonging and fellowship. We will continue to invest in innovating, piloting and implementing new ways of being a church through digital channels, and of reopening our buildings in safe, compliant ways and resuming worship and church life, learning from our experiences.

HOMELESSNESS - OUR CHURCH-BASED RESPONSE

The Salvation Army has been at the forefront of efforts to reduce homelessness and support homeless people since its earliest days. We provide a range of services for homeless people, including many community-based initiatives tailored to local needs. Our residential programmes are reported separately in the Salvation Army Social Work Trust report and accounts.

■ **Malachi Place, Ilford Corps.** Early 2020 saw the completion of a truly innovative project to re-house homeless people in London. The vision emerged from the Ilford Salvation Army corps congregation who had provided a night shelter in their church building. Malachi Place is a new centre for homeless people, built out of disused shipping containers that have been adapted to provide modern, warm and comfortable accommodation. Malachi Place provides 42 studio flats with their own individual bathrooms and kitchenettes. Some are wheelchair accessible. The new centre also aims to give residents work experience to help them get back into employment. There is a bike workshop where residents run their own small enterprise repairing and refurbishing old bicycles.



Malachi Place is greatly needed in Ilford. The area is part of Redbridge Borough in Greater London, where 65 people were found to be sleeping rough in 2017. Yet it might not have happened without Malachi Justin - then a 10-year-old boy, who sent The Salvation Army five pounds and a note asking us to buy homes for people who were homeless. Captain John Clifton, of the Ilford Salvation Army, says: 'That £5 turned into £5 million, thanks to the combined efforts of The Salvation Army and Redbridge council. And since it was Malachi's fiver that started it all, we decided to name the whole, wonderful project after him.'

■ **Support for homeless people in Wales.** Wrexham Corps are developing deeper relationships with people experiencing homelessness with a more holistic and person-centred approach called 'Pontio'r Bwlch' (Bridging The Gap). Many people who are homeless or vulnerably housed have complex needs so the corps has developed a range of activities including a breakfast drop-in, Dementia friendly activities, Employment Plus Local, counselling, Bio-Psycho-Social addictions course, strong links with the local foodbank and other agencies offering specialist support.

Each week, the award-winning Community Care Hub connect clients with multi-agency support from statutory and third-sector agencies working in partnership to ensure that each person gets as much support as possible in a timely and non-judgemental way. The Wrexham Salvation Army works closely with other Salvation Army initiatives across North Wales including two Employment Development Coordinators; a Prison Chaplain and Link Worker based at the new HMP Berwyn; and the Lifehouse, Ty Dewr.

■ **Day care for homeless people.** Redbourne Corner, our day centre in Eastbourne for people who are homeless and need help, has gone from strength to strength over the past year. The centre was opened in 2010 as an extension to our Salvation Army corps (church). Today it offers an incredibly wide range of service for homeless people. These include low-cost meals, a laundry, landlord arbitration, a weekly job club, a visiting gym instructor, visiting medical and podiatry teams and hairdressing. There is even an allotment for service users to work on.

The centre is also helping homeless people with their financial affairs. Pauline, the centre manager, says: 'People experiencing homelessness and people who rent a room don't get utility bills or all the things you need for a bank account, so many of them cannot register at normal high street banks.

So, we link them up with a credit union that sets up accounts for them.' Centre users Darren and Scott can testify to how effective Redbourne Corner is. They told us: 'We just came in here and told them our situation and they helped us straight away. We're already getting back to reality.'



■ **Housing with care for vulnerable people.** In Peterborough, The Salvation Army has partnered with Hope into Action, a Christian charity that provides homes for vulnerable people. We provide Hope into Action with volunteers who offer their tenants emotional and practical support. Karen, one of our volunteer mentors, says: ‘It’s not a job, it’s more of a passion. I have a heart for people struggling with homelessness. Life is not easy for people in the benefits system. Some don’t have family relationships to fall back on. As a mentor you’re someone they can call on for help - a shoulder to cry on, a friend, a port in the storm.’

■ **Specialist care for homeless young people.** The Salvation Army’s Crossroads Lifehouse in Accrington, Lancashire, provides specialist accommodation and a specially trained team of staff to help young people at risk of homelessness to gain access to employment, training and education. At any one time we can have up to 11 young people living in Crossroads, usually between the ages of 16 and 21. The aim of Crossroads is to prepare the young people for the future, giving them the support and guidance they might not otherwise have received. One of 2019’s big initiatives at Crossroads was a Time to Talk Day, where we put down phones, switched off computers and spent the day talking and doing relaxing activities, including drawing and cooking, to help support everybody’s mental health.

■ **Emergency action to protect homeless people.** In November 2019, The Salvation Army launched its emergency shelter action plan to ensure that homeless people were protected against harsh weather conditions. We faced a situation where rough sleeping had increased by 165 per cent since 2010 and many might die on the cold street unless they could find emergency shelter. At the centre of the plan was a network of ‘pop-up’ emergency shelters which would supplement The Salvation Army’s network of year-round residential accommodation and outreach services for homeless people. The new shelters provided 250 additional spaces in churches and Lifehouses (residential centres for homeless people) so that rough sleepers could find a warm, safe place to stay from the night.



■ **The Salvation Army highlights tragedy of homeless deaths.** The Salvation Army has exposed the human tragedy behind the 55 per cent increase in drug-related deaths among homeless people which was reported in 2019. A spokesman said: ‘Any death is tragic and these figures for England and Wales highlight the impact of the appalling level of homelessness. Urgent action is needed before more lives are lost. To reduce the high rates of deaths among homeless people, the Government must invest in support services to help people break the cycle of rough sleeping.’

■ **Mobile game ‘trivialises’ homelessness.** The Salvation Army has condemned the degrading mobile game Virtual Beggar, which features a bearded avatar portraying a street beggar. The game places the avatar on the street and encourages users to tap their screens to throw coins at it. In a statement in April 2019 we said that the game is degrading to the thousands of people who struggle with homelessness in the UK. It said: ‘Not only does this trivialise the complexities of homelessness. It also reinforces an absolutely false notion that all people who are homeless are on the street and labels people who are homeless as beggars’.

■ **Coronavirus response.** As Lockdown started, we were required to follow the guidance of the different government authorities across the UK resulting in most of our drop-in facilities having to close. Many people who were rough sleeping were accommodated by the local authority in B&Bs and hotels, but one of the problems that emerged was food as most accommodation had no cooking facilities. We therefore repurposed many of our centres into offering hot take away food during the day which proved a lifeline for many people experiencing homelessness at the time.

Looking forward:

Our commitment to supporting people experiencing homelessness in all its forms, in our communities remains absolute, however as the coronavirus continues to be active and a present threat, we are looking to continue to find opportunities to meet the needs of people, in innovative ways wherever possible. Much of this provision is likely to be as food provision and wherever possible, compliant drop-in and advice centres. Government guidance means we will not be able to run dormitory style night shelters, but we plan to introduce alternatives such as nap-pods in 2020.

ENGAGING COMMUNITY ACTION

■ **Community gardens.** Being outdoors and close to nature benefits our mental and physical wellbeing - which is why local Salvation Army churches and centres are making imaginative use of their gardens.

In Stoke-on-Trent, our Vale Street Lifehouse opened a therapeutic garden in August 2019 to help people who are homeless and struggling with addiction. The garden creates a safe and calming environment for the residents and gives them opportunities to get involved in taking care of the garden and the chickens we keep there.

In Sale, our local church has its own community garden. The purpose is to build relationships with people in the local community. We offer allotment plots free of charge to local people in return for them donating some of what they grow to The Salvation Army to help people in need. The garden has also been used for Sunday school breakfasts, summer socials and prayer.

■ **Celebrating volunteers.** The Salvation Army's Volunteers' Week, 1-7 June 2019, celebrated the key role volunteers play in our work to support people in need. It also highlighted the positive benefits people can gain themselves from volunteering. We are encouraging more people from all walks of life to consider offering just a few hours of their time to work as volunteers - and the signs are encouraging that more young people are becoming volunteers for a variety of charitable causes. Research from the Charity Awareness Monitor by npfSynergy in May 2019 showed that the number of young people volunteering aged 16-24 has increased from 17 per cent in February 2008 to 38 per cent in November 2018.

■ **Fighting knife crime.** A new knife surrender bin has been set up outside The Salvation Army hall in Stratford, London, offering the opportunity for people to give up weapons anonymously and safely without the risk of arrest. The bin is the first in the London borough of Newham not located inside the boundary of a police station. Transform Newham, an informal network of local churches, and Newham council provided funding for the bin, which was prepared and installed by Word 4 Weapons, the UK's leading weapons surrender charity.

■ **Finding a voice.** The Salvation Army's Southwick Community Project in Sunderland has been at the centre of a growing partnership with Citizens UK, the community engagement group. They have helped a group of women calling themselves 'the Jolly Girls' to get involved with citizens' consultations, to build their confidence, and to help them find their voice in community affairs.

■ **Riding for Team Sally.** Among the more than 20,000 cyclists who took part in the Prudential RideLondon-Surrey event in August 2019 were 26 riders raising funds for The Salvation Army. Team Sally Army showed phenomenal dedication as they braved the elements to conquer the 100-mile challenge. Joe Beattie, who was taking part for the second time, raised £565 for our Swan Lodge Lifehouse in Sunderland. He said: 'It was worth doing to help transform lives.' In all, the group raised a total of £14,359. Thank you and congratulations!

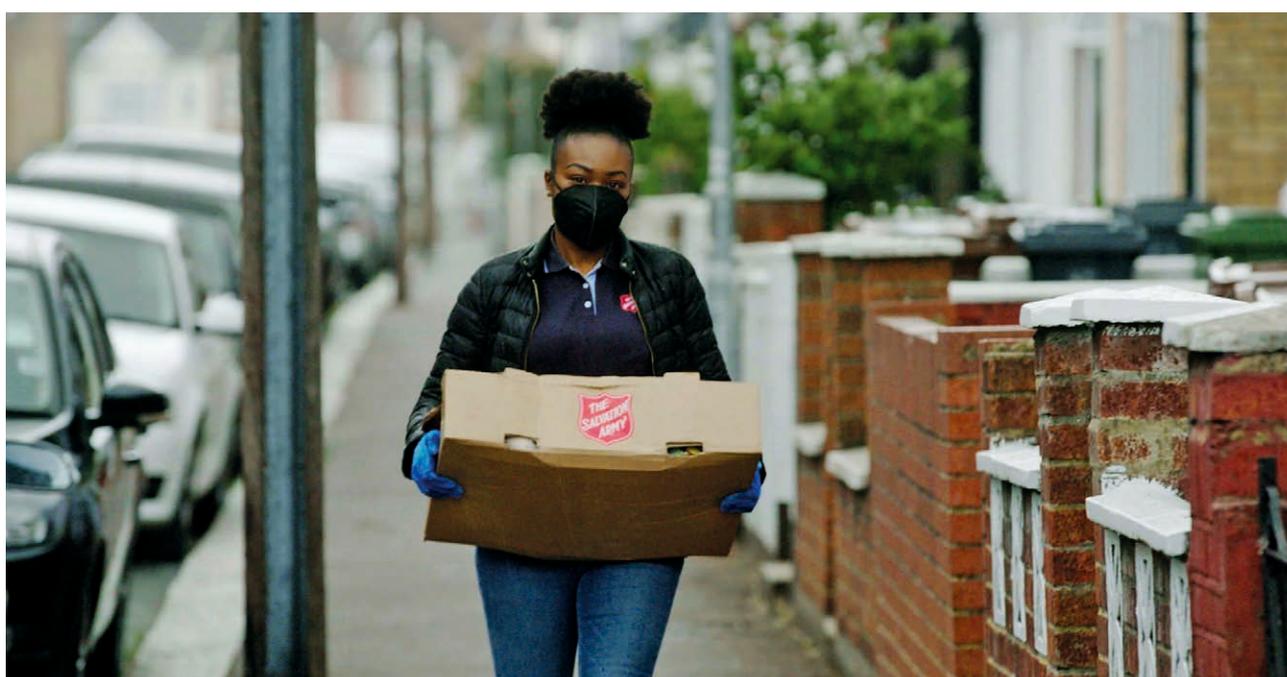
Looking forward:

Salvation Army officers are appointed to a corps and a community and serving the people - often the most marginalised and hardest hit will remain an absolute priority. As the Malachi project has shown, there is a real strength to community engagement and finding ways to bring our church membership, our volunteers and wider members of our communities together to develop and deliver community service will be essential. Our great strength is our agility and responsiveness and we will continue to ensure we are as creative and as impactful as we can be.

FIGHTING POVERTY

■ **Foodbanks.** Even before the pandemic struck, bringing massive economic hardship in its wake, the demand for Salvation Army foodbanks was growing. In the year up to December 2019, our foodbanks (some run in partnership with the Trussell Trust and others run independently) gave out 1.6 million packs of food supplies, a 19 per cent increase on the previous year. One factor in the increase was the difficulties many families faced with the benefits system following the introduction of Universal Credit.

The pandemic greatly increased the hardship in our midst, and particularly the number of families who could not afford food and other necessities. That in turn meant that we had to set up a new wholesale food distribution network to meet the demand. In the early weeks of the pandemic, 22 regional food hubs were established to support our frontline work. We introduced central purchasing of food in partnership with major supermarkets and other suppliers to keep prices low. As a result, we were able to make donations go further and reach many more people who were in desperate need of help.



■ **Summer hunger.** The Salvation Army was hard at work over the summer of 2019 to make sure that children who received free school meals in term time did not go hungry over the holidays. One of several children's summer projects was in Portsmouth, where from Monday to Friday in late July and August, the project provided a two-course meal for families facing hardship. We also organised fun-filled activities for the children so that they didn't get bored over the summer. There were art classes; circus skill sessions and educational activities to support children's learning. There were also food hampers for families to take home.

Major Andrea from The Salvation Army in Portsmouth says: 'We knew that July and August can be a difficult time especially for low-income families. We realised there was a need to make sure children were being fed nutritious meals and kept entertained during the summer holidays.' The project was supported with a grant from a like-minded organisation called Connect4Summer and many local volunteers. As Major Andrea says: 'You only had to see the smiles on the faces of the children and their parents to know how much it was appreciated.'

■ **Debt and money advice.** Getting into debt can wreck your life, as Emma's story shows very powerfully. 40-year-old Emma was in an abusive relationship with her partner Jason for three terrible years. But things got a whole lot worse when he started to use her details to get credit online. In just two years, he got her into more than £20,000 of debt. Thankfully, Emma found the courage to end her relationship with Jason and a friend suggested she got in touch with The Salvation Army. Karen, who runs the money advice team at the local Salvation Army centre, quickly carried out an assessment of Emma's finances. She also spoke to creditors to arrange manageable repayment plans for Emma. Now, nearly a year later, Emma says: 'I'm getting there. I feel I can breathe now.'

The Salvation Army now runs a network of 25 debt advice centres in England, Scotland and the Isle of Man who helps hundreds of people like Emma's every year - giving them a practical solution and lifting a huge burden from their shoulders.

■ **Christmas gifts for children in poverty.** Christmas should be a joyous time of year. For many years, The Salvation Army has shared Christmas joy through providing gifts for children in poverty. We often work in local partnerships - for example, in Northern Ireland, the 'Stuff A Bus' toy appeal brings joy to many families in partnership with St Vincent De Paul Ireland.

For Christmas 2019, The Salvation Army joined with the high street toy retailer The Entertainer to give as many disadvantaged children as possible the joy of opening a present on Christmas Day. Our Big Toy Appeal encouraged customers to pick up an extra toy to donate when they visited The Entertainer or shopped with them online. For every toy donated by a customer, The Entertainer pledged to donate another toy, doubling the number of donations, which The Salvation Army then distributed to children and families in great need. Tony Daniels, The Salvation Army's Director of Community Services, said: 'The Entertainer's Big Toy Appeal is a fantastic opportunity for local communities to join with us in spreading the joy of Christmas to children who might otherwise not receive any presents.'



■ **Call for action on benefits system.** The Salvation Army has been campaigning vigorously for reforms to Universal Credit, which would mitigate the impact on families and individuals during the transition between the old system of state benefits and the new. During this transition, all new Universal Credit claimants had to wait five weeks before their first payment - a serious problem for households with little or no savings. Many families have found the new benefit complicated and difficult to apply for. The Salvation Army has been providing food parcels for many families who are in dire poverty, but we have also been putting pressure on ministers to make meaningful changes to the benefits system.

■ **Support for refugee resettlement scheme.** The Salvation Army welcomed the Government's announcement in June 2019 of a new global resettlement scheme which aimed to support thousands of highly vulnerable refugees in the UK. Our refugee response co-ordinator Major Nick Coke commented: 'This is welcome news. The Salvation Army has worked with local authorities across the UK, helping to resettle refugees since 2016. We were also one of the very first organisations to welcome refugees under the Community Sponsorship scheme, so we know first-hand how this transforms the lives of both refugees and volunteers in the welcoming community.' The Salvation Army is supporting 6 families (28 people) in community sponsorship programmes in the UK. In addition, there are 11 families (58 people) supported in partnerships with local authorities.

Looking forward:

At the time of writing, the country is still deeply affected by the pandemic and as the Job retention schemes end, we are predicting substantial increases in unemployment and poverty. We are and we will continue to not only challenge government to ensure they are providing at least adequate support measures in place, but we will continue to provide the practical, local support that people need in their daily lives. Our huge strength as a church and a major charity is that we can do both, and we feel called and compelled to do both.

COMBATting MODERN SLAVERY

The Salvation Army is in the forefront of fighting human trafficking and modern slavery in the UK. Under a UK Government contract, we give specialist support, and safe accommodation where needed, to all adult victims of modern slavery in England and Wales and their dependents who are referred to them by the Government. Most of this work is reported in The Salvation Army Social Work Trust Annual Report. However, corps members and volunteers add value to the government contract in many ways.

For example, the work of our specialist staff is supported by First Responders and other volunteers who work to ensure victims receive the support they need, and by our campaigning to raise public awareness of this vicious crime. We also run our own Victim Care Fund, financed by donations, which helps people with essentials such as clothing, maternity and baby items and household items such as furniture which they will need to set up new homes.

■ **Salvation Army First Responders.** 21-year-old Katherine was studying pharmacology at the University of Bristol when she volunteered to be a First Responder within our modern slavery programme. First Responders are the first people whom victims of modern slavery meet when they are taken into the care of The Salvation Army. They complete an initial assessment of someone's situation and needs. They then complete paperwork so that each potential victim of modern slavery can be officially recognised and get the support to which they are entitled. This helps our service provider staff put together the right support plan for each person.

Katherine says: 'So many people don't realise that human trafficking is prevalent in this country. It is just not acceptable that people are living as slaves. Being a First Responder has increased my knowledge of this crime. You learn so much about the people you are interviewing, and it good to see them coming out of it. It makes me realise how lucky I am to have a family who loves me.'

Looking forward:

Our safe houses continued to run and will continue to run at normal levels despite the pandemic. In June 2020, subsequent to this financial year under review, the Home Office awarded The Salvation Army the new 2020 Modern Slavery Victim Care Contract to continue delivering specialist support services to potential victims of modern slavery for a further five years. This expression of confidence in our delivery enables us to build on all the expertise we and our partnering sub-contractors have built up in this deeply meaningful and sensitive area of service. We remain committed to the highest standards of support and delivery and the additionality that The Salvation Army Victim Care Fund brings means we will continue to be in a strong place to support and serve survivors of slavery in personalised, empowering ways.

OVERCOMING DISABILITY

To us in The Salvation Army, every human being is precious and unique. Each deserves the opportunity to develop their talents, to make a positive contribution to society and to live a full, rewarding life. Yet for many people with learning difficulties in the UK, their opportunities in life are frustratingly limited. That's why we are actively involved in helping them to overcome the barriers they face - and why we invest in facilities and training programmes that give them the opportunities they need.

■ **Strawberry Field.** October 2019 saw an historic event in the life of The Salvation Army and the city of Liverpool when the Strawberry Field site opened its famous strawberry-red gates for the first time, for visitors. This is the site that was immortalised by John Lennon in the Beatles hit, Strawberry Fields Forever. In his childhood days, when it was the site of a Salvation Army children's home, the young Lennon often came to play in the grounds and for him it became a magical place.

Today, thanks to the success of a major appeal by The Salvation Army and the warm support of many people and organisations in the Liverpool area, the site has been reimagined and recreated as a visitor experience for Beatles enthusiasts and a 'Steps to Work' training centre for young people with learning disabilities. The two projects are closely linked, with the visitor centre - interactive exhibition, café, shop and garden



- providing work experience for the students and generating income to help pay for the training centre. It is a thriving example of what we term 'integrated mission' where a social work programme (Steps to work) operates with a 'Fresh Expressions' community programme and the two support each other for the benefit of all involved. By the end of March 2020, the Strawberry Field 'Fresh Expressions' team was fully resourced and had established a rhythm of prayer, reflection and community service which was quickly transplanted onto virtual platforms and social media when the centre went into lockdown. Throughout the year God's providential care and empowering presence permeated their efforts and created a 'sense of family' remarked upon by local church leadership and the wider community. Many who visit comment on the 'thin space' at Strawberry Field, a place where heaven and earth appear to meet.

■ **Steps to Work.** 'Steps to Work' is a programme managed and funded through The Salvation Army Social Work Trust but as it is integrated into the overall programme it is explained here as well as in the Social Work Trust report and accounts. Strawberry Field is now the location of the Steps to Work programme, a pioneering training programme for young adults aged 18-25 with learning difficulties. Thanks to partnerships with local education providers including The City of Liverpool College and the investment of local businesses and organisations, Steps to Work can offer a 12 to 18-month programme that combines education and work placements to

ensure trainees are truly work ready. The first cohorts of young people have already shown how powerful and effective this specialised programme is in addressing the barriers to employment and helping young people develop the skills and confidence to enter the workplace.

■ **Enabled Summer School.** For a great many people with learning and physical disabilities, the week-long Enabled Summer School is a highlight of their year. It is held in a disability-friendly environment, giving its members the chance to develop their abilities through music, drama, dance, crafts and sport. They also have plenty of time for worship, prayer and reflection. There's a real 'buzz' as members make new friends and grow in self-confidence.

The theme of the 2019 Summer School, held at the National Star College near Cheltenham, was *In His Image*, taken from Genesis 1:27: 'So God created mankind in his own image'. As well as a whole school choral group, everyone was able to choose two main activities from band, musical theatre, timbrels, a specialist choral group drama and dance. Rehearsals took place each day. It was standing room only for the final performance, when skills that had been learnt during the week were showcased in front of family, friends and supporters.

■ **Training for LiFE at Hadleigh Training Centre.** The Salvation Army's Hadleigh Training Centre provides training opportunities for adults with additional support needs to help them develop the skills. In 2019, Hadleigh added to its wide range of training courses by offering its trainees our Lessons in Financial Education (LiFE) course. The course, which teaches students the basic skills to manage their finances, has already proved highly successful in other Salvation Army centres where it has been introduced. The Hadleigh Training Centre manager Lindsay Payne said: 'LiFE fits perfectly with our personalised approach to training. It will help to promote greater independence, social inclusion and positive wellbeing for every trainee.'

■ **Accessible care for young children.** The Salvation Army's Copper Beech nursery, in Bramley in Leeds, has now been made more accessible for children with additional needs. The nursery is a beacon of love and care for children in one of the most deprived communities in the UK. Now, with generous help from a local charity called the Leeds Convalescence Society, we have been able to build a ramp to provide access from the garden's grass area to the children's playground. Our intention is also to use a Scandinavian concept called Hygge to create spaces indoors and outdoors that give a sense of calm to the youngsters and help them enjoy the simple moments of joy in their lives.

Looking forward:

Our community-based approach and our continued sharing of innovation and best practice means we will continue to develop and deliver meaningful services to all people facing barriers. Our Strawberry Field centre continued to support trainees through digital means during the intense periods of the pandemic, and our commitment to strengthening confidence, providing skills training and practical experience - as well as fellowship will remain a core strand in our community work across the UK.



CELEBRATING CHILDREN AND 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.

■ **Youthscape.** The Salvation Army and the youth charity Youthscape have worked with celebrities to create Upbeat, an innovative toolkit designed to help boys aged 13 to 16 to develop a healthy approach to their emotional well-being. The six-session course features videos of artists such as Guvna B and Steph Macleod and presenter Radzi Chinyanganya talking openly about their struggles with mental health and discussing music that has helped them. It also uses Spotify playlists, creative activities and facilitated group discussions.

Since the mid-1990s, three-quarters of UK suicides have been among men and the Department of Health has warned that 50 per cent of mental health problems in adult life start before the age of 14. 'The Salvation Army works with thousands of teenage boys through church activities, scouts, school outreach and community services,' said Youth Specialist for Leader Development Matt Perkins. 'Many of them are struggling with their mental health and this course is designed to ensure youth workers have the skills to support them'

■ **Summer schools.** Over the school summer break in 2019, young people gathered for Salvation Army summer schools from right across the UK and Ireland. The purpose of the summer schools, which are organised on a regional basis, is to give young people - especially those from disadvantaged backgrounds - to enjoy experiences that they would not ordinarily have the chance to enjoy. A good example was the Anglia and Central East summer school. The theme was Rise, with students encouraged to 'rise and perform the tasks God is calling them to do.'

As well as Bible study and reflection, there was music ranging from classical to rock. Students learned how to use Instagram to create campaigns for different projects. Everyone also enjoyed the evening entertainment such as laser tag, team games, a comedy night, workshops and a silent disco. A final celebration perfectly expressed the fun shared together and everyone went home feeling spiritually fulfilled, proud of their achievements, and grateful for the friendships they had made.

■ **Grants scheme for youth work.** The Salvation Army has been highlighting the grants which are available to its local church leaders to extend their children's and youth work and develop innovative ways of engaging young people. Recently these grants have been used to run music production workshops; to provide craft resources for our after-school clubs; and provide materials for a new Messy Church for children. For further information, you can email youthchildren@salvationarmy.org.uk

■ **Guides and Scouts.** There was always been a close link between The Salvation Army and the Guides and Scouts movements. Today there are around 130 guiding and 20 scouting units sponsored by Salvation Army churches across the UK and Ireland. In order to strengthen the links between Guides and Scouts and The Salvation Army, we have now introduced three new badges which members of Salvation Army-sponsored guides and scout groups can earn. Each of them requires some basic knowledge of The Salvation Army and what it stands for. Once they have gained these three badges, guides and scouts can go on to earn the General's Award.

Looking forward:

Our Youth and Children's ministry is an area we will remain committed to and we will continue to invest in. Essential currently is building resilience and confidence, tackling the issues in our communities that negatively impact on the lives of young people and providing safe and supportive environments for young people to develop the skills they need for adulthood.



LIVING WITH ADDICTION

The Salvation Army has a 150-year history of working with people who are living with addiction. We have three specialist addiction services as well as a vast array of outreach services, corps, and community services that provide this support. We follow a harm reduction philosophy, helping people to stay as safe as possible and minimise risks to themselves and others. At the same time, we are innovators, constantly working to design and implement evidence-based programmes that will get to the roots of addictions and help people shape a better future.

■ **Addictions Strategy.** The Salvation Army's three-year plan to expand our addictions work was launched in 2019. Its aim is to train service providers to take a psychosocial approach to treating addiction. This contrasts with the traditional approach of relying on medical treatments, which often treats only the symptoms and not the underlying psychological and social causes.

Lee Ball is one of The Salvation Army's specialist advisers on addictions and helped to prepare the Addictions Strategy. He says: 'We're starting to move away from asking what's wrong with people and beginning to ask, 'What's happened to people?' In order to do this, The Salvation Army's aim is to have easily accessible recovery programmes in place for addicts. Lee says: 'As an organisation we need to open our doors to the people we should be working with. We don't serve suffering humanity by locking them out or locking them up - we have to let people in.'

■ **Stirling - Sandy's transformation.** Stirling Corps has worked for many years to meet the needs of its community, a deprived urban area with a high rate of addiction. Sandy Reynolds initially came to the corps as part of a community service order and battling to overcome the alcohol addiction which had led him into a life of crime. Commissioned as a Territorial Envoy in March 2020, Sandy is now the corps leader and working towards seeing the same transformation, through Christ, in the lives of those who turn to The Salvation Army for help.

A week-day community café and meals, popular with vulnerable people, continued throughout lockdown as a take-away service. While at the centre, people can visit the Bargain Stop charity shop, attached to the hall and access the services of a full-time drug and alcohol worker, debt advice and support with employability. Everyone is encouraged to engage with Sunday worship and a mid-week recovery group called 'I am the Way'.

Looking forward:

The Salvation Army will continue to encourage corps to support people who are being helped through the centrally coordinated Social Work Trust addictions programmes by investing in church and community bases initiatives to support people with addictions and provide effective training to ensure the highest quality of care possible.

FULFILLING OLDER PEOPLE

No matter your age or ability, we believe it's important that later life should be a rich and fulfilling time. Locally we organise a wide range of services for older people, including day centres, lunch clubs and home visiting schemes - and although some of these were not able to continue during the lockdown, we found alternative ways of keeping in touch with older people who were alone and isolated, such as making regular phone calls and delivering essential supplies.

■ **Age To Age.** The Salvation Army has launched a brand-new resource called Age To Age, to support its ministry to older people. It consists of 30 discipleship conversations designed to enrich the lives of people in the later years of life. Age To Age is a collaboration between retired Salvation Army officers and other older Christians to ensure matters that affect people in later life are discussed by people who have experienced them. Some older Christians, though not all, have fewer opportunities to meet and talk to other people. For this reason, we are encouraging small groups of four to meet regularly to read and discuss the material and to keep in contact each other during the week by telephone or by meeting up.

■ **A song in their hearts.** The number of people living with dementia is growing and The Salvation Army is playing its part in supporting them and their carers. The Salvation Army in Oxford is one of the places where we are using music to bring joy into their lives. Our Singing by Heart group meets every month and people living with dementia are invited to come along with their carers. It's a chance for them to share their love of singing with other members of the group through a mix of popular Christian and secular songs that often stir cherished memories from the past. The Singing by Heart group started in September 2019 in Oxford, with advice from the Alzheimer's Society, and it has proved a success. As local Salvation Army leader Major Tim Johnson says: 'People living with dementia deserve the best quality of life we can give them.'



■ **The Salvation Army exposes local care funding flaws.** *Care in Places*, a well-researched report published in August 2019 by The Salvation Army, has revealed serious flaws in the system for funding adult social care. These flaws have led to funding being unequally distributed in different parts of the country and many older people losing out as a result. Rural areas are worst hit.

Adult social care is largely funded by local business rates, council tax and other local charges - but with lower house prices and fewer businesses, rural areas cannot raise as much money as more urban areas. In fact, some areas can raise up to five times as much revenue as other local authorities. The Salvation Army is calling on the Government to overhaul the system, funding most of the cost of adult social care centrally and ensuring that it is properly funded.

Looking forward:

Our Older People's Ministries remains a critical priority for The Salvation Army. Alongside our Social Work Trust portfolio of residential care homes, the need for our community services will continue to grow and therefore so must our ability to respond effectively, in particular we will commit to finding ways of reducing the risk of increasing isolation as a result of the social restrictions placed by the pandemic.

BUSY EMERGENCY RESPONSES

Our Emergency Response teams have had one of their busiest years. Here are some examples of how we responded to some of the major incidents.

■ When the river Don burst its banks and flooded homes in the village of Fishlake in November 2019, our centre in Doncaster opened as a rest centre for residents evacuated from the stricken area. More than thirty people sought refuge on with first day, and fifty of the following day, with most staying for a hot meal, and some staying overnight.

■ The first call to Salvation Army emergency response teams for help with the pandemic took place on 31st January 2020. We were asked, along with colleagues from the Red Cross, to establish a friends and family support centre close to Arrow Park Hospital in the Wirral, for people whose loved ones were being isolated there after being repatriated from China.

■ Salvation Army emergency vehicles attended more than 300 callouts to incidents and exercises across the UK, including major fires and accidents and missing person searches. Partnerships with emergency services have improved significantly in recent years.



■ In London, two new state-of-the-art response vehicles were commissioned in November 2019 to respond to emergencies in the capital and provide refreshments for London Fire Brigade crews dealing with urgent situations. The Salvation Army has worked with London Fire Brigade for more than 35 years. Major Karl Gray, our London emergency response co-ordinator, who has been part of our response at the Grenfell Tower Fire, the Croydon train crash and terrorist incidents, said: ‘We see support for emergency personnel and local communities at emergencies as a vital part of our work.’

Looking forward:

We will continue to ensure our ability to respond in the best way possible remains a priority, and maintaining and replacing our fleet of emergency vehicles in the years ahead.

FRIENDLY PRISON MINISTRIES

Our Prison Ministry continues to be a lifeline to many prisoners who need friendship, consolation and spiritual support. Between April 2019 and the start of the lockdown in March 2020, our prison chaplains visited prisons 2,471 times and spent at least 14,973 hours inside. Chaplains conduct what are known as ‘statutory duties’ which include visiting new arrivals, breaking bad news and seeing people before they are released. However, they do much more besides. They also lead Bible study groups and Sunday services, support people with serious mental health issues, and accompany people on their faith journeys. Another important role is to visit prisoner who are in isolation because of challenging or disruptive behaviour and those who are at high risk of self-harm or suicide.

■ **CAMEO groups in prisons.** The Salvation Army’s Prison Ministry has made a big effort in 2018-19 to expand CAMEO groups (‘Come and Meet Each Other’) in prisons. CAMEO groups are aimed at older prisoners, who are the fastest-growing age group in prisons. Many of the elderly people in prisons are isolated, spend most of the time inside their cells, and do not engage in work or education. Furthermore, they often lack a support network in the community. CAMEO groups offer them a creative and stimulating environment, where members receive care and support and can take part in several fulfilling activities.

Looking forward:

Prison ministry is a specialised area and we do not feature it in all reviews. Nevertheless, our commitment to this ministry remains absolute and as opportunities open up to support prisoners, we remain committed to harnessing the potential for individual support and change that this area represents.

GLOBAL ACTION FOR JUSTICE

As a worldwide organisation, The Salvation Army's compassion and humanity know no boundaries. That is why we in the UK and Republic of Ireland work with some of the poorest people around the world in 131 countries to help them find solutions to their poverty and build a better life for their families. In all, our Territory contributed £1,629,824 towards international projects over the past financial year, including clean water, food security, income generation, gender justice, fighting modern slavery and emergency relief. This funding comes from church members' giving and legacies and gifts made with specific restrictions.

■ **Clean water.** In Seke-Banza, a territory in Bas-Congo province of the Democratic Republic of Congo, The Salvation Army has been working with over 90 different communities to improve access to, and protection of, water sources in rural areas. The project has helped 90 communities construct concrete walls around their natural springs and provided sanitation and hygiene education. According to the health officer in charge of the Seke-Banza clinic, the result has been a reduction in the number of people suffering from waterborne diseases.

■ **Fighting human trafficking.** Tanzania, one of the poorest countries in southern sub-Saharan Africa, has seen a marked increase in human trafficking. In response to this, The Salvation Army in Tanzania set up a project that focuses on support, counselling, education and life skills for girls between 7 and 18 years old who have been trafficked or are at risk of being trafficked. This is taking place at The Salvation Army's Mbgala compound, where our Kwetu Programme is committed to educating local families and communities about the dangers of human trafficking.

■ **Raising family incomes.** In Tanzania, The Salvation Army is also helping communities to improve their business skills and literacy in order to lift themselves out of poverty. The project works with 756 women who have joined 41 savings and loans groups. With the knowledge gained through the groups, together with small loans from the groups, 631 women have established a range of small businesses including grocery stores, livestock keeping, poultry keeping and small-scale farming.

■ **Hurricane Dorian.** On the afternoon of Sunday 1 September 2019, one of the strongest Atlantic hurricanes on record, Hurricane Dorian, made landfall in the Bahamas. 70,000 people were made homeless because of the storm, with an estimated 13,000 destroyed or badly damaged. The Salvation Army was able to provide relief support to communities on the island of New Providence, Nassau and the Abaco Islands, by providing emergency supplies, washing facilities, food, shelter and emotional support. In all we provided delivered 1,903 parcels of essential items to those in need.

■ **Global pandemic.** As the world was gripped by a global pandemic in the early months of 2020, The Salvation Army responded on an international scale. Although travel became far more difficult and dangerous, and our International Headquarters was closed, staff continued to support The Salvation Army's work in 131 countries from their own homes.

Around the world, keeping staff and clients safe became a top priority, as precautionary measures were introduced. In several countries, our worship meetings were suspended, with live streaming providing an opportunity for Christians to take part in prayer and Bible study together. Where it was permitted, church buildings remained open for personal reflection, prayer and pastoral support. Meanwhile in many territories we have assisted governments and local authorities by introducing Covid-19 health awareness programmes to help stop the spread of the virus.

Looking forward:

The Salvation Army is a powerful, truly international movement. Our UK members and restricted funders will continue to be encouraged to support Salvation Army programmes in other territories, where funding is needed. This form of practical and prayerful partnership is distinctive to us and will remain a feature of our life.

SPEAKING OUT FOR JUSTICE

The past year has seen an increase in The Salvation Army's public affairs and social policy work. Our Public Affairs and Social Policy Unit exists to tackle the root causes of the poverty and inequality that we come across on a day-to-day basis. In his book *Darkest England*, William Booth called for a practical plan and concerted action to relieve poverty. The Unit's work continues in that tradition - drawing on the practical experience and insight gained by our local churches to influence national policymakers.

During 2019 and 2020 The unit's key policy priority areas are homelessness, universal credit, modern slavery and human trafficking. All of these have given rise to social problems that we see every day. In the words of one member of the Public Affairs Unit staff, 'No one is in a better position to say to politicians, opinion-formers and the public, "Hey, what's happening is not acceptable in a civilised country and we must do something about it urgently"'

In doing so, we are also advancing our Christian mission. The Lord's Prayer says: 'Your will be done, on earth as it is in heaven' - and part of our calling is to bring about a more compassionate and socially just world.

Looking forward:

We will remain committed to not just offering practical support to people in all forms of need in our communities, but we will continue to identify areas where we can influence the development of policy, challenge and change existing policy and inform and speak powerfully into debate, based on our deep and wide knowledge and experience of the lives of people in many hundreds of towns and cities across the UK.

Territorial Headquarters Relocation Project

The UKI Territorial Headquarters (THQ) building at 101 Newington Causeway has reached the end of its' useful design-life, is being sold to a developer and will be vacated in early 2024. A new THQ building was designed on a site at Denmark Hill, and construction was to commence in 2020 just when the Covid-19 pandemic hit the UK and a lockdown was introduced by the Government.

We originally intended to continue with pre-construction activities and appropriate socially-distanced building activities, but it became apparent that the lockdown would not be short, and the majority of staff were working relatively successfully from home, with limited access to THQ. We are therefore taking a pause to reconsider what we need from our headquarters building.

An exercise is now under way to reconsider the design of the headquarters building.

In the meantime, we are working to provide office space which, as Covid-19 restrictions ease and staff fall into a new pattern of working between home and office, will help inform the design of the new building.

OUR APPROACH TO FUNDRAISING

Context:

The Salvation Army Trust, which is the charity registration through which our church and community-based operations are run, relies very heavily on income generated by fundraising, to keep its diverse services alive and operating across the UK.

We meet the constant challenge of raising these funds in different 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.
- Salvation Army church members give generously as part of their personal commitment to their corps and the wider Salvation Army.
- 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.
- We also actively, but extremely sensitively ask members and supporters to consider including The Salvation Army in their Will.

The income from all these activities is shown in the consolidated statement of financial activities in this report.

Fundraising for The Salvation Army's overall work across both its charitable trusts 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 planned budgeting process. Our fundraising appeal to the public feature the work of The Salvation Army across both trusts.

The Salvation Army Social Work Trust funds our centrally managed residential services for homeless and older people as well as other centrally coordinated programmes such as our modern slavery services, Employment Plus service, programmes for people with addictions and disabilities. As The Salvation Army Social Work Trust is a separate charity, it has a separate set of Report and Accounts and they form a sister publication to this.

Local fundraising:

The Salvation Army has 650 corps and community centres across the UK. Each corps or centre will develop programmes and services that are geared to meeting the needs of the people in the community, so there is huge diversity across the UK. Each local Salvation Army centre is expected to find ways to raise funds to support their local work as much as it can. This is achieved in several ways.

Church membership giving totalled £18.9million in the year ended 31 March 2020, an increase of £0.78m over 2018/19. This helps to sustain the local life of The Salvation Army as a church and meet as much of the operating overhead as it can. During the pandemic, Salvation Army leadership encouraged members to consider a spirit of increased giving and we saw examples of truly sacrificial giving by our members and officers of The Salvation Army to help meet the increased costs of providing care.

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. Christmas carolling in town centres and street collecting are two of the familiar ways in which corps raise a funds. The onset of coronavirus put a stop to most public fundraising, but many corps turned to digital ways of fundraising early on in the pandemic, and using tools such as JustGiving, were able to continue to raise funds for local coronavirus impact relief work, such as food parcels.

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 2020, the appeal raised just over £1million, £200,000 down over the 2019 appeal as a result of Covid-response cessation of congregational worship and collecting in the final weeks of the appeal. The appeal literature featured Burkina Faso where the Army has only been at work for a couple of years and used the scripture verse from Mark 16 'Go into all the world and preach the gospel to all nations'.

The Salvation Army 'Big Collection' which is an annual public campaign in September, whereby church membership actively raises funds to support our residential programmes for people experiencing homelessness, older people, and people needing help with addictions. Against a total of £1.44million raised in September 2018, we raised a total of £1.28 million in September 2019.

National Fundraising:

Our centrally coordinated fundraising programme sensitively deploys many disciplines of fundraising in order to generate income for the work of The Salvation Army. Because the proportion of our donated income that derives from direct debits and regular giving schemes is small at around 10 per cent of cash donations, donations and legacies are the lifeblood of our organisation. Public support and the support given by our loyal donors enables us to be responsive, to deliver practical services and deliver against our mission statement.

In 2019/20 we received a total of £58.2m in donations from the public, an increase of £2.5m over 2018/19. As noted above, approximately £13m was raised locally by individual Salvation Army corps, and the remainder, approximately £45m was secured by national and centrally coordinated fundraising activities, summarised below. Furthermore, we received a total of £53m in legacies.

The funds raised from national fundraising programmes go directly in the form of grants and mission support funding to enable corps-based community work where there are insufficient funds locally to do so. Funds raised also help meet the cost of refurbishing our buildings and emergency repairs to ensure they are compliant and fit for the delivery of community programmes. Funds raised will also form the annual grant across to The Salvation Army Social Work Trust to provide additional services for our work with people who are homeless, older people and people with addictions.

Appeals to the public:

Total public and supporter donations in response to our national appeals programme for 2019/20 was £41.9m, an increase of £0.4m over 2018/19. This total includes regular giving and Gift Aid income. The increase has come from many appeals beating their target and a very generous response to our Christmas appeal 2019 and consequent Gift Aid income.

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

Legacies

We are deeply grateful to those people who remember us in their Will with a bequest. This is a hugely important income stream in support of our work and protecting and sensitively encouraging this income is an important task.

We received a total of £53m in legacies during 2019/20, a decrease of £7.3m compared with legacy receipts in 2018/19. Tracking indicates that around 60% of our legacies now comes from our appeal supporters and approaching these supporters, and the public with a sensitive suggestion to consider leaving a gift in their Will is an important part of protecting the future of this very important income pipeline.

We have participated in Free Wills Month and this has proven to be a very helpful service to ensure Wills are made and we are considered as a beneficiary. In addition, we write to some supporters to ask them to consider leaving us a gift in their Will. We take the sensitivity on this programme very seriously and we have developed a strongly personal approach to enquiry handling and stewardship.

With the onset of the pandemic, we suspended legacy promotion, but we subsequently introduced a downloadable version of our Free Will Guide which has led to an increase in enquiry numbers.

Grant-making trusts and foundations

Support from grant-making foundations and charitable trusts makes an important contribution to revenue and capital costs for many of our projects, developments and innovations and we would want to put on record our sincere appreciation to them for their support.

During 2019/20 we received over £2million for charitable trusts in support of 135 Salvation Army projects across the UK and internationally. Grants from charitable trusts and foundations have contributed to the building costs of refurbishing or creating new centres, the salaries of key workers and the running costs of projects.

As an example, the Edinburgh Employment and Digital Skills Service was launched in 2019/20. As a result of support from charitable trusts, a dedicated digital hub was created for people to complete digital skills training so they can improve their employability or progress to employment.

Since 2016, Mitcham The Links Café (TLC) has been offering emergency support to women who have experienced domestic abuse in South London. With contributions by several charitable trusts, the TLC has enabled vulnerable women to access therapy sessions, parenting courses, art therapy and support their legal fees.

Govan Corps in Glasgow and Staple Hill Corps in Bristol started large refurbishments of their buildings in 2019/20. Once complete in 2020/21, the centres will be able to expand their community activities and meet even more needs of individuals and families in the local area. The works have been generously supported by more than 15 trusts and foundations.

Corporate giving

Corps and centres have been remarkably adept at creating and sustaining local corporate partnerships and we actively support this localised approach to corporate fundraising and income generation and gifts in kind. This was particularly helpful as the pandemic struck and we geared up our foodbank and food parcel programmes.

We have continued to develop some strong centrally coordinated partnerships, and we highlight a second year of the relationship with The Entertainer and our Big Toy Appeal partnership which in 2019/2020 saw over 20,000 toys donated at Christmas and a further 30,000 through the rest of the year.

Other fundraising:

We continued to develop higher value relationships and we also benefit from all the contributions from individuals who participated in sporting challenges, mass participation events and fundraised in their own way in order to support The Salvation Army. Much of their contribution is channelled locally but we would want their combined support to be recognised as it totals well over £1 million.

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 some inbound telephone donations in peak periods and to call back people who have texted us or otherwise contacted us in order to donate 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' also encompasses individuals who participate in some challenge and mass participation fundraising 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.

We aim for full compliance, however in the year under review, the Fundraising Regulator investigated and upheld two complaints (see below) and noted the remedial action we took.

We are not aware of any failures to comply with the standards set by other regulatory bodies. We are members of the DMA - the Data and 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.

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 regularly briefed on the requirements of CC20 and how these requirements are being met as part of their duties in relation to fundraising.

Complaints

In the financial year under review, The Salvation Army received 83 complaints about our fundraising compared with a total of total of 84 complaints in 2018 to 2019. While we always work towards not having any complaints, set against the national extent of our fundraising appeals programme, this is a comparatively low figure for the sector and reflects the degree to which we have developed a fundraising programme that is as sensitive and respectful as possible.

During the year, two complaints which were investigated by the Fundraising Regulator were upheld. The details of these appear on the website of the Fundraising Regulator. Both complaints were from individuals who had asked to be removed from the appeals programme and in both cases, we had not done so as completely and as quickly as we should. We have since amended our administrative processes and ensured greater protection for supporters making such requests.

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

Within our fundraising ethos, we take the protection of vulnerable people very seriously. 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, we aim to fundraise in the most sensitive ways we can and take appropriate action briskly when we are made aware of vulnerabilities. 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 make an essential contribution to the life and work of The Salvation Army. The relationship we have with our supporters is precious to us. Therefore, the intentional spirit of our fundraising is 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:

	2020 £m	2019 £m
Legacies	53.0	60.3
Donations from the public	58.3	55.8
Donations from members	19.0	18.1
Grants	2.5	4.1
Trading income	91.2	88.2
Investment income	5.2	4.6
Other income	11.6	6.7
	240.8	237.8

Voluntary income

Voluntary income (including legacies, donations and grants from trusts and foundations) represents 55% 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 (£14.6 million). Net trading income is consistent at £6.7 million. Corps use the funds raised to support their local programmes
- Income of trading subsidiaries: The Salvation Army General Insurance Corporation (£21.2 million) and The Salvation Army Trading Company (£55.4 million). There has been a decrease in net trading income to £2.5m from £6.5m:

Other income

This includes a fire damage insurance claim at Stroud Corps of £278,181.

Expenditure has increased from £233.4 million to £235.5 million.

	2020 £m	2019 £m
Cost of raising donations and legacies	12.0	10.9
Cost of trading activities	82.1	74.0
Total cost of raising funds	94.1	84.9
Charitable activities:		
Church and evangelism programmes	48.7	49.5
Community programmes	62.8	64.7
International programmes	5.9	5.5
Training programmes	5.3	6.5
Youth and young people's programmes	2.7	2.4
Grant to Social Work Trust	16.0	19.9
Total charitable activities	141.4	148.5
Total expenditure	235.5	233.4

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.

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.

Net expenditure (2019: income), which includes losses on investments of £14.4 million (2019: £12.4 million gain), was £9.1 million (2019: £15.3 million income). The loss on investments is a book loss only (2019:gain)

Total funds as at the year end were as follows:

	2020 £m	2019 £m
Endowment funds	14.6	16.3
Restricted funds:		
Property fund	321.4	308.5
Corps funds	48.2	48.9
Legacy reserves	77.0	75.1
Trust funds	2.1	2.6
Specific donations	9.2	11.7
	457.9	446.8
Unrestricted funds:		
Non-charitable trading funds	21.7	19.2
Designated funds	115.5	137.6
General reserve	21.5	20.4
	158.7	177.2
Total funds	631.2	640.3

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 In-Service Training and various approved standalone programmes. All designated reserves are reviewed annually for obsolescence with surpluses being transferred back to General reserves.

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 55 per cent of our total income for the year ended 31 March 2020. 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. We also want to be able to provide for the new and innovative opportunities that may appear to further the mission of The Salvation Army Trust.

Following the year end the Directors reviewed the reserves policy taking into account the risks and uncertainties faced by the Charity. Based on this review, a target range of £29.9m to £49.2m was set for free reserves.

As at 31 March 2020 the charity had general reserves of £21.5 million. The Trustees have approved a remedial plan to generate funds to support the general reserves and respond to the impact post year event of COVID 19 through the appropriate use of restricted legacies and the sale of properties which are no longer required for the Trust's mission purposes and the realising of unrealised gains from Investments.

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:

CIF1

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)	-7.1	-6.2
Benchmark return	-11.2	-11.2

For the year to 31 March 2020 global markets declined with negative returns. CIF 1 and CIF 2 achieved their performance objectives over the year, producing returns well above benchmark. The main driver of the returns was the significant outperformance delivered by the fund managers Cazenove and Sarasin.

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

	CIF1	CIF1	CIF1	CIF2	CIF2	CIF2
	2020	2019	2018	2020	2019	2018
	%	%	%	%	%	%
(Decrease)/Increase in capital value of fund	-9.3	8.8	0.5	-8.4	6.4	0.7
Average net income return	1.7	1.6	2.0	2.1	1.9	2.3

STRUCTURE, GOVERNANCE AND MANAGEMENT

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 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 bi-monthly in this reporting year. 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 £5 million
- investment policy, on the recommendation of the Investment Advisory Committee
- Risk Register
- key policies
- Annual Financial Statements

The Board has delegated day to day operational matters to the Territorial Operations Board, under the leadership of the Chief Secretary.

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 £16,013 to £25,735 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.

It is noted that at the end of the reporting period, the Covid-19 pandemic caused The Salvation Army to experience temporary closure of its churches (Corps) and many of its services. Some staff were furloughed, and earned income decreased. At the same time demand for our charitable services and the need for Christian comfort and joy increased significantly. The measures in the Business Continuity Plan, and all the other mitigation of risk measures identified below, came into swift and successful operation in response to the extraordinary situation of the pandemic. The support of our beneficiaries, current and new, and the health and safety of them and our own staff, officers and volunteers, remains the highest priority.

Principal Risks

The following were identified as principal risks in 2019/20.

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 a 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 programs and learning tools are in place to assist our people 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.
SAFE MISSION - The risk is that we are not able to ensure the health, safety and welfare of personnel, service users and members of the public who are affected by our activities. This could put our personnel and benefactors at risk, damage our reputation and result in regulatory non-compliance and financial penalties.	Comprehensive policies, procedures and guidance are in place, alongside a supervisory control framework.
BUSINESS CONTINUITY - There is a risk that the occurrence of a significant incident where, during and after the incident, The Salvation Army will not be able to continue to be viable and meet stakeholder expectations. This could result in reputational damage, failure to safeguard the wellbeing of personnel and beneficiaries, loss of income and additional costs to provide alternative provision.	Comprehensive policies, procedures and guidance are in place, including pandemic response plans. Employment of personnel with specialisms in business continuity, IT disaster recovery and health and safety.



Lieut-Colonel Alan Read, Director

On behalf of the Directors of The Salvation Army Trustee Company
11 December 2020

DIRECTORS

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

Commissioner Anthony Cotterill	Chair
Colonel Paul Main ¹	Deputy Chair (Appointed 20.11.20)
Colonel William Lee Graves	Deputy Chair (Resigned 31.10.20)
Lieut-Colonel Alan Read	Managing Director (SATCo)
Colonel Jenine Main ¹	(Appointed 20.11.20)
Colonel Deborah Graves	(Resigned 31.10.20)
Lieut-Colonel Michael Caffull	(Resigned 24.01.20)
Lieut-Colonel Judith Payne	(Appointed 13.02.20)
Lieut-Colonel Alan Burns	(Resigned 07.11.19)
Lieut-Colonel Andrew McCombe	(Appointed 08.11.19)
Lieut-Colonel Dean Pallant	(Appointed 12.04.19)
Lieut-Colonel Michael Highton	(Resigned 04.07.19)
Lieut-Colonel Beverly McCombe	(Appointed 07.09.18)
Major Judith Hilditch	
Major Noreen Batt	(Appointed 08.11.19)
Peter Gale	
Helen O'Brien	
Graham Roper	
Mark Puller	
Andrew Stickland	

¹ *not in office during period 1st April 2019 - 31st March 2020*

The Chief Secretary, Colonel Paul Main, 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 Paul Main, 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 Elwyn Harries, 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 Auditors 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 2020 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 2020 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

Knox Cropper LLP
Chartered Accountants
Registered Auditors

11 December 2020

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 2020

	Notes	Endowment £000	Restricted £000	Unrestricted £000	2020 Total £000	2019 Total £000
INCOME AND ENDOWMENTS FROM						
Donations, Legacies and Grants						
Legacies		-	13,777	39,195	52,972	60,285
Donations - Public		-	10,689	47,565	58,254	55,760
Donations - Members	2	-	18,813	151	18,964	18,120
Grants	3	215	2,318	-	2,533	4,126
Trading Activities	4	-	14,633	76,564	91,197	88,237
Associated Company	7	-	-	-	-	(93)
Investments	5	-	4,602	614	5,216	4,5856
Other						
Gain on disposal of property		-	-	10,669	10,669	5,485
Other income		-	846	171	1,017	1,223
Total Income		215	65,678	174,929	240,822	237,728
EXPENDITURE						
Raising Funds						
Costs of raising donations, legacies and grants		-	147	11,892	12,039	10,907
Costs of trading activities	4	-	7,908	74,130	82,038	73,981
		-	8,055	86,022	94,077	84,888
Charitable Activities						
	8					
Church and Evangelism Programmes		-	28,615	20,106	48,721	49,458
Community Programmes		-	41,790	21,065	62,855	64,770
International Programmes		-	2,855	3,071	5,926	5,477
Training Programmes		-	18	5,268	5,286	6,499
Youth and Young People's Programmes		-	-	2,652	2,652	2,359
Grant to the Salvation Army Social Work Trust		-	-	16,000	16,000	19,973
		-	73,278	68,162	141,440	148,536
Total Expenditure			81,333	154,184	235,517	233,424
Gains/(Losses) on Investments	17(a)	(1,931)	(205)	(12,286)	(14,422)	12,376
Gain/(Loss) on sale of Associate		-	-	-	-	(1,387)
Net Income/(Expenditure)		(1,716)	(15,860)	8,459	(9,117)	15,293
Transfer between funds		-	26,943	(26,943)	-	-
NET MOVEMENT IN FUNDS		(1,716)	11,083	(18,484)	(9,117)	15,293
Fund balances brought forward		16,289	446,835	177,153	640,277	624,984
Fund balances carried forward at 31 March 2020		14,573	457,918	158,669	631,160	640,277

All activities reported above, in both the current and preceding years, reflect ongoing activities.

The annexed notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2020

	Notes	Consolidated		Trust	
		2020 £000	2019 £000	2020 £000	2019 £000
FIXED ASSETS					
Intangible Fixed Assets	14	2,904	3,551	-	-
Tangible Fixed Assets					
Properties	15	310,256	305,949	307,486	304,805
Property Schemes in Progress	15	20,669	13,498	20,669	13,498
Motor Vehicles and Equipment	16	10,217	8,006	1,139	970
Investments	17	168,544	182,740	170,475	184,623
		<u>512,590</u>	<u>513,744</u>	<u>499,769</u>	<u>503,896</u>
CURRENT ASSETS					
Short-Term Deposits		69,302	97,890	69,302	97,890
Stock		2,521	2,534	210	212
Debtors	18	48,832	43,426	35,176	32,104
Bank Balances and Cash		36,231	25,884	22,567	10,557
		<u>156,886</u>	<u>169,734</u>	<u>127,255</u>	<u>140,763</u>
CREDITORS: amounts falling due within one year	19	(34,404)	(35,762)	(13,612)	(16,109)
NET CURRENT ASSETS		<u>122,482</u>	<u>133,972</u>	<u>113,643</u>	<u>124,654</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>635,072</u>	<u>647,716</u>	<u>613,412</u>	<u>628,550</u>
CREDITORS: amounts falling due after one year	20	(3,912)	(7,439)	(3,912)	(7,439)
TOTAL NET ASSETS		<u>631,160</u>	<u>640,277</u>	<u>609,500</u>	<u>621,111</u>
FUNDS					
Endowment Funds	21	14,573	16,289	14,573	16,289
Restricted Funds					
Property Fund	22	321,395	308,478	321,395	308,478
Other Restricted Funds	23	136,523	138,3572	136,523	138,357
Unrestricted Funds	24	158,669	177,153	137,009	157,987
TOTAL FUNDS	25	<u>631,160</u>	<u>640,277</u>	<u>609,500</u>	<u>621,111</u>

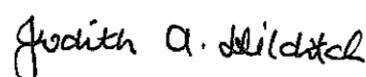
The consolidated Balance Sheet incorporates the subsidiary.

Approved on behalf of The Salvation Army Trustee Company on 11 December 2020.

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 2020

	Notes	2020 £000	2019 £000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	29	(9,285)	(11,823)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES			
Additions to intangible Assets		(625)	-
Additions to Properties		(16,588)	(13,765)
Net Additions to Property Schemes in Progress		(8,423)	(9,056)
Proceeds on disposal of Properties		16,490	7,526
Additions to Motor Vehicles and Equipment		(4,797)	(2,550)
Proceeds on disposal of Motor Vehicles and Equipment		116	85
Additions to Investments		(226)	(707)
Proceeds from disposal of Investments		-	7,611
Investment Income		5,216	4,585
Management of short-term deposits		28,588	13,679
		<u>19,751</u>	<u>7,408</u>
NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES			
Loan Repayments		(119)	(5,661)
Increase/(Decrease) in Cash and Cash Equivalents		10,347	(10,076)
Cash and Cash Equivalents at beginning of year		25,884	35,960
Cash and Cash Equivalents at end of year		<u>36,231</u>	<u>25,884</u>

	Balance 1 April 2019 £000	Cash-Flows £000	Loan Repayments £000	Balance 31 March 2020 £000
ANALYSIS OF CHANGES IN NET DEBT				
Cash at Bank	25,884	10,347	-	36,231
Loans falling due within one year	(61)	-	9	(52)
Loans falling due after more than one year	(674)	-	110	(564)
	<u>25,149</u>	<u>10,347</u>	<u>119</u>	<u>35,615</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. 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) (second edition - October 2019), 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 trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of The Salvation Army Trust to continue as a going concern. The trustee has made this assessment for a period of at least one year from the date of approval of the financial statements and has considered the potential impact of the Covid-19 pandemic. Most of our churches, charity shops, cafes and community activities had to close, but in response to the emerging emergencies the churches within the Salvation Army Trust responded in several ways such as providing emergency food supplies, cooked meals to the elderly, support to the homeless and our country's frontline workers. Our churches also found new ways in which to communicate with people with activities such as online worship as well as online debt and employment advice. The income for the work of The Salvation Army Trust has been much more buoyant than anticipated. The general public has responded well to our fundraising campaigns, our members have given sacrificially, the furlough scheme has enabled us to support staff who were not able to work, and we have been able to benefit from local authority and government grants. We have also put into place some remedial actions, using restricted reserves and commencing a plan to sell properties that are no longer needed for our mission. This has resulted in The Salvation Army Trust being able to maintain its operations both now and going forward.

On the basis of the above, the trustee has concluded that there is no material uncertainty about the Trust's ability to meet its debts as they fall due for at least 12 months following approval of the financial statements and therefore continues to adopt the going concern basis in preparing its 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 companies, and of the subsidiary trust (William Booth Memorial Trust). Reliance Bank, which was an associated company, is consolidated using the equity basis of accounting up to the date of disposal in the 2019 comparative figures.

(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. Identification and valuation of investment properties

The Group's property portfolio is reviewed annually to identify investment properties, which are those properties held to earn income or for capital appreciation rather than to be used for its charitable purposes. Properties no longer used for charitable purposes but retained until market conditions allow their disposal are not treated as investment properties, provided disposal is intended within a reasonable time scale.

After initial recognition, investment property is measured at its fair value based either on valuation by The Salvation Army Property Department or by an independent valuer. In either case the valuer will hold a recognised and relevant professional qualification. The property will be valued at each subsequent reporting date.

(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. Trading Income - Trading income is recognised at the point of sale for retail sales and at the time of distribution for wholesale unsorted clothing.
- v. 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. In accordance with FRS 102 component accounting has been adopted for the first time this year for Freehold and Long leasehold properties. A property comprises of major components with substantially different useful lives. Depreciation is charged on major components so as to write off the cost of the components to their residual values, over their estimated useful lives, using the straight-line method, as follows

Freehold Land	Not depreciated
Building - Main Fabric (structure)	50 years
<u>Major Components</u>	
Roof structure and covering	50 years
Bathrooms and WCs	20 years
Lifts	25 years
Mechanical and Electrical Systems	25 years
Windows and External Doors	25 years
Kitchens	20 years

Short leasehold properties are depreciated over the term of the lease.

- iv. Depreciation is provided on other tangible fixed assets at the following rates:

Motor Vehicles	- 25% pa on cost
Office Equipment	- 25% pa on cost
- v. 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 Fund 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 Reserve 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	2020	2019
	£000	£000	£000	Total £000	Total £000
Other Grants	-	80	-	80	138
Local Authority	-	1,424	-	1,424	1,518
Trusts	215	814	-	1,029	2,470
	215	2,318	-	2,533	4,126

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.

	2020	2019
	£000	£000
Local corps charity shops and similar trading activities		
Income	14,633	15,763
Expenditure	(7,908)	(7,930)
	6,725	7,833
Trading Subsidiaries		
Income (Note 6)	76,564	72,474
Expenditure (Note 6)	(74,130)	(66,051)
	2,434	6,423

5. INVESTMENT INCOME

	2020	2019
	£000	£000
Dividends receivable	3,134	2,861
Interest receivable	645	749
Rental income from investment properties	539	445
Income from connected company	794	374
Investment Income of subsidiary companies (Note 6)	104	156
	5,216	4,585

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 2020 is shown below. Audited accounts of the companies have been filed with the Registrar of Companies.

	SAGIC	SATCoL	2020	2019
	£000	£000	Total £000	Total £000
Profit and Loss Account				
Trading Income	21,176	55,388	76,564	72,474
Cost of Trading Activities:				
Cost of Sales	(20,322)	(30,322)	(50,644)	(42,955)
Distribution Costs	-	(1,472)	(1,472)	(1,334)
Operating Costs	(572)	(20,674)	(21,246)	(20,993)
Other Income/(Costs) Including Taxation	(52)	(716)	(768)	(769)
Total cost of Trading Activities	(20,946)	(53,184)	(74,130)	(66,051)
Investment Income	82	22	104	156
Net Profit	312	2,226	2,538	6,579
Realised Losses on Investments	(54)		(54)	(88)
Unrealised Gains on Investments	12		12	32
Net Income for the year	270	2,226	2,496	6,5239
Payable to The Salvation Army Trust (Gift Aid)	(-)	(-)	(-)	(5,064)
Retained in Subsidiary	270	2,226	2,496	1,459

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. The comparative (2019) is a summary of its trading results for the 7 month period to 31 October 2018:

	2020 £000	2019 £000
Turnover	-	1,500
Share of Net Profit (Loss) for the period	(-)	(93)
Paid to The Salvation Army Trust (Gift Aid)	-	-
Share of Retained Profit for the period	(-)	(93)
Share of Net Assets as at 31 March 2020	-	-

8. CHARITABLE ACTIVITIES

	Direct Costs £000	Pension Fund Deficit £000	Grants £000	Support Costs (Note 9) £000	2020 Total £000
Church and Evangelism Programmes	37,252	258	-	11,211	48,721
Community Programmes	48,971	325	-	13,559	62,855
International Programmes	2,908	-	2,855	163	5,926
Training Programmes	3,913	-	-	1,373	5,286
Youth and Young People's Programmes	1,175	-	-	1,477	2,652
Support of Salvation Army Social Work Trust	-	-	16,000	-	16,000
	94,219	583	18,855	27,783	141,440

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

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

Pension Fund Deficit represents an increase 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 £000	HR £000	IT £000	Property £000	Communi- cation £000	Other £000	Legal & Secretarial £000	2020 Total £000	2019 Total £000
Fundraising Church & Evangelism Programmes	58	40	55	61	67	53	36	370	369
Community Programmes	1,460	2,045	2,048	1,737	1,678	1,345	898	11,211	10,766
International Programmes	1,900	2,259	2,180	2,122	2,183	1,746	1,169	13,559	13,116
Training Programmes	24	20	27	27	28	22	15	163	161
Youth & Young People Programmes	221	139	192	229	254	202	136	1,373	1,378
	304	43	59	257	350	277	187	1,477	1,525
	3,967	4,546	4,561	4,433	4,560	3,645	2,441	28,153	27,315
Total 2019	5,428	3,368	4,228	4,452	3,813	3,546	2,480	-	27,315

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:

	2020 £000	2019 £000
External audit	132	121
Internal audit	407	412
Trustee expenses	1	-
Support costs allocated:		
Trustee indemnity insurance	11	13
Apportionment of directors' time	111	138
	662	684

11. PERSONNEL

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

	2020 Headcount Number	2020 FTE Number	2019 Headcount Number	2019 FTE Number
Trust				
Number of Officers	826	803	852	841
Number of Employees	1,620	1,185	1,567	1,181
	2,446	1,988	2,419	2,022
Subsidiaries	619	619	612	612
Total	3,065	2,607	3,031	2,634
	Trust	Subsidiaries	2020 Total	2019
	£000	£000	£000	£000
Personnel Costs				
Allowances and Salaries	58,641	16,092	74,733	71,369
Redundancy Costs	55	-	55	172
Social Security Costs	5,336	1,277	6,613	5,701
Pension Fund Contributions (Current Service)	9,352	1,256	10,608	13,508
Officers Pension Fund Contributions (Past Service)	583	-	583	(47)
Employees' Pension Fund Contributions (Past Service)	-	-	-	6,064
	73,967	18,625	92,592	96,767

Higher Paid Employees

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

	Trust	Subsidiaries	2020 Total	2019
	No.	No.	No.	No.
£60,001 - £70,000	23	-	23	23
£70,001 - £80,000	4	-	4	6
£80,001 - £90,000	-	1	1	2
£90,001 - £100,000	5	1	6	7
£100,001 - £110,000	2	1	3	2
£110,001 - £120,000	-	-	-	-
£120,001 - £130,000	-	1	1	-
£130,001 - £140,000	-	1	1	1
£140,001 - £150,000	-	1	1	2
£150,001 - £160,000	-	1	1	1
	34	7	41	44

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 £233,142 (2019: £287,643)

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 £16,013.09 to £25,735.16 per annum and they did not receive any additional remuneration for their duties as directors. In the year to 31 March 2019, one director who was an employee, received emoluments including pension contributions as an employee of £101,472 in total. This director did not serve in the year to 31 March 2020. The other directors did not receive any remuneration.

(b) Expenses

Three (2019: two) directors of The Salvation Army Trustee Company were reimbursed for travelling expenses, amounting to £888 (2019: £161).

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 £4,740 per annum (2019: £4,616), 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 2019, using the Attained Age Method, and this was based on the following principal assumptions:

Post-Retirement Discount Rate	2.7% per annum
Pre-Retirement Discount Rate	3.4% per annum
Rate of Increase in Allowances and Pensions	4.1% per annum
Rate of Inflation	3.6% per annum

The market value of the Fund's assets at the valuation date amounted to £231.6m whereas the value of past service ongoing liabilities amounted to £238.8m revealing a funding shortfall of £7.2m.

A recovery plan has been agreed whereby the contribution per officer will increase to £4,860 per annum, from 1 April 2020, and The Salvation Army Trust will make an annual capital contribution to the scheme of £2m over a period of approximately 13 years. In practice, capital contributions in excess of this amount are being paid in order to fund the deficit over a shorter period of time and in 2019/20 the capital contribution paid was £4m (2018/19 £6m).

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 £3.3m 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 previous financial year.

14. INTANGIBLE FIXED ASSETS

	Goodwill £000	Other £000	Total £000
Goodwill			
Cost			
Balance at 1 April 2019	11,275	-	11,275
Additions	-	625	625
Balance at 31 March 2020	11,275	625	11,900
Accumulated Depreciation			
Balance at 1 April 2019	7,724	-	7,724
Charge for the year	1,171	101	1,272
Balance at 31 March 2020	8,895	101	8,996
Net Book Value at 31 March 2020	2,380	524	2,904
Net Book Value at 31 March 2019	1,025	-	3,551

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. The £625K addition represents patents and licences in the Trust's subsidiary SATCoL.

15. PROPERTIES

(a) Consolidated	Freehold £000	Long Leasehold £000	Short Leasehold £000	Total £000	Property Schemes In Progress £000
Cost					
Balance at 1 April 2019	416,568	38,235	229	455,032	13,498
Additions during the year	13,706	2,882	-	16,588	12,199
Schemes completed during the year	1,226	26	-	1,252	(1,252)
	431,500	41,143	229	472,872	24,445
Less: Disposals	(7,356)	(1,293)	-	(8,649)	(3,776)
Balance at 31 March 2020	424,144	39,850	229	464,223	20,669
Accumulated Depreciation					
Balance at 1 April 2019	137,671	11,185	227	149,083	-
Charge for the year	6,756	956	-	7,712	-
Less: Disposals	(2,252)	(576)	-	(2,828)	-
Balance at 31 March 2020	142,175	11,565	227	153,967	-
Net Book Value at 31 March 2020	281,969	28,285	2	310,256	20,669
Net Book Value at 31 March 2019	278,897	27,050	2	305,949	13,498

(b) Trust	Freehold	Long Leasehold	Short Leasehold	Total	Property Schemes In Progress
	£000	£000	£000	£000	£000
Cost					
Balance at 1 April 2019	415,261	38,114	229	453,604	13,498
Additions during the year	13,706	1,239	-	14,945	12,199
Schemes completed during the year	1,226	26	-	1,252	(1,252)
	430,193	39,379	229	469,801	24,445
Less: Disposals	(7,356)	(1,293)	-	(8,649)	(3,776)
Balance at 31 March 2020	422,837	38,086	229	461,152	20,669
Accumulated Depreciation					
Balance at 1 April 2019	137,418	11,153	228	148,799	-
Charge for the year	6,741	954	-	7,695	-
Less: Disposals	(2,252)	(576)	-	(2,828)	-
Balance at 31 March 2020	141,907	11,531	228	153,666	-
Net Book Value at 31 March 2020	280,930	26,555	1	307,486	20,669
Net Book Value at 31 March 2019	277,843	26,961	1	304,805	13,498

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 2019	1,922	22,593	24,515
Additions	1,052	3,745	4,797
Disposals	(384)	(116)	(500)
Balance at 31 March 2020	2,590	26,222	28,812
Accumulated Depreciation			
Balance at 1 April 2019	897	15,612	16,509
Charge for the year	540	1,930	2,470
Disposals	(279)	(105)	(384)
Balance at 31 March 2020	1,158	17,437	18,595
Net Book Value at 31 March 2020	1,432	8,785	10,217
Net Book Value at 31 March 2019	1,025	6,981	8,006

(b) Trust

	Motor Vehicles £000	Office Equipment £000	Total £000
Cost			
Balance at 1 April 2019	315	1,985	2,300
Additions	21	484	505
Disposals	-	-	-
Balance at 31 March 2020	336	2,469	2,805
Accumulated Depreciation			
Balance at 1 April 2019	116	1,214	1,330
Charge for the year	56	280	336
Disposals	-	-	-
Balance at 31 March 2020	172	1,494	1,666
Net Book Value at 31 March 2020	164	975	1,139
Net Book Value at 31 March 2019	199	771	970

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 2019	13,525	4,756	151,318	11,557	1,584	182,740
Acquisitions	-	-	-	215	11	226
Gain/(Loss)	331	(441)	(12,763)	(1,490)	(59)	(14,422)
Disposals	-	-	-	-	-	-
Market Value at 31 March 2020	13,856	4,315	138,555	10,282	1,536	168,544
Historical Cost at 31 March 2020	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 2019	13,525	4,756	151,318	11,557	3,467	184,623
Acquisitions	-	-	-	215	-	215
Gain/(Loss)	331	(441)	(12,763)	(1,490)	-	(14,363)
Disposals	-	-	-	-	-	-
Market Value at 31 March 2020	13,856	4,315	138,555	10,282	3,467	170,475
Historical Cost at 31 March 2020	307	2,963	96,700	8,838	3,467	112,275

Unlisted Investments represent a 20% holding in William Leech (Investments) Limited. It 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.

	2020 £000	2019 £000
William Leech (Investments) Limited	10,280	11,555
Other	2	2
	10,282	11,557

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	4%	3%
UK Equities	29%	31%
UK Property Funds	10%	11%
Overseas Investments	57%	55%

COVID-19

The Salvation Army Trust has been impacted by the Pandemic. With the announcement of the first lockdown, our investments were greatly affected with a reduction in value of 30%. Since the initial fall in the markets, our investments have recovered to pre pandemic levels.

18. DEBTORS

	Consolidated		Trust	
	2020 £000	2019 £000	2020 £000	2019 £000
Connected Salvation Army Trusts and Companies	3,897	-	4,778	2,645
Taxation recoverable	1,729	548	1,729	548
Prepayments and accrued income	24,123	29,162	23,633	25,659
Other Debtors	19,083	13,716	5,036	3,252
	48,832	43,426	35,176	32,104

Included in accrued income above is an amount of £4,108k (2019: £4,108k) which is the deferred consideration due in connection with the sale of shares in Reliance Bank in 2018/19 and which is receivable after more than one year.

19. CREDITORS: amounts falling due within one year

	Consolidated		Trust	
	2020 £000	2019 £000	2020 £000	2019 £000
Loans repayable within one year (secured)	52	61	52	61
Connected Salvation Army Trusts and Companies	-	2,358	881	1,894
Tax and Social Security	1,889	438	1,126	-
Creditors and Accruals	32,463	32,905	11,553	14,154
	34,404	35,762	13,612	16,109

20. CREDITORS: amounts falling due after one year

	Consolidated		Trust	
	2020 £000	2019 £000	2020 £000	2019 £000
Bank Loans (secured)	564	674	564	674
Pension Provision	3,348	6,765	3,348	6,765
Other Creditors	-	-	-	-
	3,912	7,439	3,912	7,439

	Consolidated		Trust	
	2020 £000	2019 £000	2020 £000	2019 £000
Bank Loans				
<i>Repayable by instalments</i>				
Within one year	52	61	52	61
More than one year less than five years	181	222	181	222
More than five years	383	452	383	452
<i>Repayable other than by instalments</i>				
More than five years	-	-	-	-
	616	735	616	735

	Consolidated		Trust	
	2020 £000	2019 £000	2020 £000	2019 £000
Pension Provision				
Balance Brought Forward	6,765	14,812	6,765	14,812
Contributions paid	(4,000)	(8,000)	(4,000)	(8,000)
Interest on pension obligation	122	307	122	307
Change in assumptions	461	(354)	461	(354)
	3,348	6,765	3,348	6,765

21. ENDOWMENTS (Consolidated and Trust)

	Balance 1 April 2019	Movement in Funds Income & Gains/(Losses)	Balance 31 March 2020
	£000	£000	£000
Permanent Endowments			
E.S. Brant	2,295	(213)	2,082
Sir James Reckitt Trust	536	(50)	486
W.J. Davis Trust	1,188	(112)	1,076
Other	696	(66)	630
	<u>4,715</u>	<u>(441)</u>	<u>4,274</u>
Expendable Endowments			
William Leech Fund	11,574	(1,275)	10,299
Total	<u>16,289</u>	<u>(1,716)</u>	<u>14,573</u>

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.

31 March 2019

	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
	<u>4,330</u>	<u>385</u>	<u>4,715</u>
Expendable Endowments			
William Leech Fund	11,020	554	11,574
Total	<u>15,350</u>	<u>939</u>	<u>16,289</u>

22. RESTRICTED PROPERTY FUND (Consolidated and Trust)

Funding of properties for charitable purposes

	Balance 1 April 2019	Movement in Funds Income & Expenditure Transfers		Balance 31 March 2020
	£000	£000	£000	£000
Consolidated and Trust	308,478	24,745	(11,828)	321,395

31 March 2019

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

23. OTHER RESTRICTED FUNDS (Consolidated and Trust)

	Balance 1 April 2019	Movement in Funds Income & Expenditure Transfers		Balance 31 March 2020
	£000	£000	£000	£000
Corps funds	48,860	45,996	(46,699)	48,157
Legacy reserves	75,067	13,183	(11,222)	77,028
Trust funds	2,555	274	(750)	2,079
Specific donations	11,875	4,001	(6,617)	9,259
Consolidated and Trust	138,357	63,454	(65,288)	136,523

31 March 2019

	Balance 1 April 2018	Movement in Funds Income & Expenditure Transfers		Balance 31 March 2019
	£000	£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)

	2020 £000	2019 £000
Designated Funds (i)	115,498	137,635
General Reserve (ii)	21,510	20,352
Trust	137,008	157,987
Non-charitable Trading Funds (iii)	21,661	19,166
Consolidated	158,669	177,153

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 2019 £000	New Designations £000	Utilised/ Realised £000	Balance 31 March 2020 £000
Property Purposes	71,008	-	(22,691)	48,317
Investment Property Unrealised Gains	13,525	-	331	13,856
Other Investments Unrealised Gains	48,330	-	(12,190)	36,140
Pension Reserve	(6,765)	-	3,417	(3,348)
DHQ Reserves	5,489	-	(194)	5,295
Other	6,048	6,256	2,934	15,238
	137,635	6,256	(28,393)	115,498

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 to provide the working capital for their trading operations and capital for the long-term development of their businesses

31 March 2019

	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

	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

25. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

Fund Balances at 31 March 2020 are represented by:

	Endowment Funds £000	Restricted Funds Property £000	Other £000	Unrestricted Funds £000	Total Funds £000
Intangible assets	-	-	-	2,904	2,904
Fixed assets	-	330,925	-	10,217	341,142
Investments	14,573	-	88,380	65,591	168,544
Current assets	-	(8,914)	48,157	117,643	156,886
Current liabilities	-	(52)	(14)	(34,338)	(34,404)
Long-term liabilities	-	(564)	-	(3,348)	(3,912)
Total Net Assets	14,573	321,395	136,523	158,669	631,160

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 by The Salvation Army Trust in respect of property capital schemes amounted to £41.1m (2019: £45.9m).

27. FINANCIAL COMMITMENTS

As at 31 March 2020 the total annual commitments under non-cancellable operating leases on vehicles and equipment and land and buildings, are as follows:

	2020		2019	
	Land and Buildings £000	Vehicles and Equipment £000	Land and Buildings £000	Vehicles and Equipment £000
Expiring within 1 year	4,800	565	4,469	326
Expiring between 2 and 5 years	9,516	2,391	8,160	2,409
Expiring in over 5 years	230	-	601	-
	14,546	2,956	13,230	2,735

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 £2.9 million were paid to The Salvation Army International Trust and overseas Salvation Army territories (2019: £3.0 million) and a grant of £16 million was paid to The Salvation Army Social Work Trust (2019: £19.6 million).

An overhead recharge was charged to The Salvation Army Social Work Trust during the year, representing that Trust's share of central overhead 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 is a subsidiary of The Salvation Army International Trust. At the year end The Salvation Army Trust held balances of £93.3 million with Reliance Bank (2019: £108.5 million). Interest was earned on deposit balances on a normal commercial basis.

The brother of Lieut-Colonel Mike Caffull, who was until January 2020 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

	2020 £000	2019 £000
Net Movement in Funds	(9,117)	15,293
Losses/(Gains) on Investments	14,422	(12,376)
Depreciation: Properties	7,712	9,694
Depreciation: Motor Vehicles and Equipment	2,470	2,064
Amortisation of Goodwill	1,272	1,171
Gain on Disposal of Properties	(10,669)	(5,485)
Investment Income	(5,216)	(4,585)
Decrease in Stocks	13	(590)
Increase in Debtors	(5,406)	(15,542)
(Decrease) in Creditors	(1,349)	6,580
(Decrease) in Pension provision	(3,417)	(8,047)
	(168)	(27,116)
Net Cash Inflow from Operating Activities	(9,285)	(11,823)

30. CONTINGENT GAIN

The UKI Territorial Headquarters (THQ) building at 101 at Newington Causeway is being sold to a developer and will be vacated in early 2024. The sale is conditional on the developer obtaining a planning permission for the project. If granted, the possible gain on the sale will be approximately £41m. The new THQ building will be funded from the proceeds from the sale of the current THQ.

31. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITY

As required by FRS 102 the SOFA set out below is the full analysis for the 2019 comparative.

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



Charity Registration No: 214779 Scottish Charity Registration No: SC009359

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