



**The Salvation Army United Kingdom Territory**

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

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Principal Office

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# Trustee's Report

## OUR MISSION

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

## OUR VISION

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

## OUR VALUES

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

## THE OBJECTIVES OF THE SALVATION ARMY SOCIAL WORK TRUST

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

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

## 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 when you read this Annual Report for The Salvation Army Social Work Trust.

As Christians who are committed to putting our faith into practice, we are at the heart of hundreds of communities, caring for vulnerable people, a friend to those who have no other friend.

We in the thick of the battle against some of the gravest social problems of our age, such as poverty, unemployment, social exclusion, addiction, modern slavery and debt. The Salvation

Army does not engage in this battle alone. We are grateful for the many partners who stand alongside us. I thank the taxpayers, and their government representatives across the United Kingdom, who provide significant financial support through The Salvation Army Social Work Trust to help many of the most vulnerable children and adults in our communities.

Much of the work we do is community based, responding to people's needs at a local level. Yet at the same time we recognise that many of the problems we are dealing with are complex. They require highly professional, nationally co-ordinated services to respond to them effectively. A very high level of expertise is needed to help people overcome addictions; or to recover from the horrors of modern slavery; or to rebuild their self-confidence after a long period of unemployment. It is this professional, expert help that The Salvation Army provides through the Social Work Trust.

The past year has been a time of achievement. 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 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.

Meanwhile, from March 2020 onwards, we had to face the enormous challenge of the coronavirus pandemic. This meant that in many cases we had to innovate, to find new ways of delivering our services - and we did so diligently and imaginatively. We introduced robust social distancing measures in our residential care homes and Lifehouses (residential centres for homeless people) so that they could continue to care for their residents. We used telephone, email and online communication where face-to-face meetings were no longer possible, to keep vital services such as Employment Plus hard at work.

So today I would like to offer my warmest thanks to our officers, staff and volunteers for the tremendous work they have done. I would also like to 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 of The Salvation Army in the UK and the Republic of Ireland

## WHAT WE DO

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

## EXPLAINING OUR STRATEGY, STRUCTURE AND OPERATION

### How we work

While The Salvation Army is not unique as a provider of residential and support services, it is certainly distinctive in terms of its structure, and this distinctiveness gives us a real opportunity to go about our work in impactful ways.

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

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



Our Social Work Trust, for which this is the Annual Report and Accounts, is the charitable registration through which we allocate and manage funds for our (principally) residential centres and centrally co-ordinated operations. Much of the funding for this work is channelled through government and local authority payments and grants, with the cost of the additional services being met from our sister charity, The Salvation Army Trust. To see the full picture of our work, you will need to read both sets of Reports and Accounts.

Our strategy in the Social Work Trust has been to ensure the work of these mainly residential centres is effective and efficient, compliant and as transformative and as supportive as possible, and that all we do starts with the people we serve. That is why in addition to statutory funding we are committed to deploying Salvation Army funds to provide the best possible services we can, in order to achieve the best outcomes for the people in our care.

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

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

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

## OUR ORGANISATIONAL STRUCTURE, LEADERSHIP AND REPORTING

The Salvation Army was founded in 1865 by William and Catherine Booth and currently operates 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.

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

- The Salvation Army Trust
- The Salvation Army Social Work Trust

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

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

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

## HOMELESSNESS

The Salvation Army has been at the forefront of efforts to reduce homelessness and support people experiencing homelessness since its earliest days. We operate over 80 supported accommodation centres - called Lifehouses - across the UK and the Republic of Ireland. Lifehouses are more than just a place to stay; they are places where people can find the encouragement and the practical support they need to rebuild their lives. At the same time, we provide a range of other important services, such as supported accommodation and outreach, and we are playing a leading role in innovative housing initiatives such as Housing First.

■ **The Salvation Army highlights tragedy of homeless deaths.** The Salvation Army highlighted 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.'

■ **Practical action to help homeless people.** The coronavirus pandemic highlighted the need for everyone to have somewhere safe to live. Both before and during the pandemic, The Salvation Army provided much-needed services to homeless people and supported 8,653 people in our Lifehouses. Over 1,800 people were helped by 'floating' outreach and visiting services. In addition, we provided 2,900 supported accommodation spaces (ie individual rooms and flats) for homeless people.

■ **Lifehouses and the pandemic.** As soon as the scale of the coronavirus pandemic became apparent, we introduced measures such as social distancing, hand sanitising, the lockdown of activity rooms and staggered mealtimes to protect all the people in our residential centres including Lifehouses. This meant that, despite all the complexities involved in keeping people safe from the virus, our Lifehouses not only stayed open but also played a crucial role in keeping homeless people off the streets by giving them the support they need at a dangerous time.

■ **Housing First in Scotland...** The past year saw The Salvation Army become a lead provider in Housing First services in Scotland, with new services being set up in Dundee and Glasgow. Housing First is a ground-breaking concept based on the idea that the cycle of homelessness is more likely to be broken when people are quickly offered a settled home in a community without having to meet preconditions such as treatment or training. Once they are in their new home, they receive support to keep their tenancies, improve their health, improve their everyday living skills and integrate into their community. It's this support that The Salvation Army is providing for a growing number of people, many of whom have very complex needs such as addiction and mental health issues.





■ **...and in Wales.** In February 2020, Housing First in Merthyr Tydfil celebrated its first anniversary. The project is run by the local county borough council in partnership with The Salvation Army. The pioneering initiative is working to reduce the number of homeless people in the town by helping rough sleepers move from the streets directly into their homes, where they receive support to deal with issues such as substance abuse or poor mental health. The assistant regional manager of Wales and South West Housing Services, Emma Paynter, said: ‘The feedback has been overwhelming. Lives have been transformed. People can see a future for themselves.’

■ **Transforming lives with Housing First: Joe’s story.** A 49-year-old from Glasgow, Joe has spent most of his life sleeping rough. He has complex health problems, including mobility issues. Joe was offered a house by Housing First which was then adapted for his mobility needs, enabling him to be as independent as possible. Joe has been overwhelmed by the support he received from Housing First staff. He feels that he now has some structure in his life. ‘I feel empowered to achieve most tasks in daily living,’ he says. And for the first time in his adult life he feels part of the community because people acknowledge him and say hello - a sharp contrast to his previous experiences where he was mocked, spoken to aggressively or ignored.

■ **The Salvation Army leads homelessness prevention partnership.** The Salvation Army is leading a new partnership to support young people who have experienced homelessness. The Cardiff Young Persons Supported Accommodation Partnership includes, besides The Salvation Army, the Taff Housing Association and the Church Army. The partnership delivers a service commissioned by Cardiff Council, which supports 106 young people aged 16 to 21 in a range of different types of accommodation, including specialist supported accommodation, shared houses and one-bedroom flats - all aimed at providing safe, structured and sustainable places to live and develop.

■ **Support for homeless women.** In April 2019 the Minister for Housing and Homelessness, Heather Wheeler MP, visited The Salvation Army's Lifehouse for women, Riverside Complex in London. The minister was taken on a tour of the recently renovated buildings before meeting residents and staff. Riverside Complex supports 81 women who are referred by Tower Hamlets Council. Each is supported with a person-centred, holistic programme of help which addresses their physical, emotional and spiritual needs. Heather Wheeler praised the work of The Salvation Army, saying: 'The Government is committed to ending rough sleeping. However, we cannot do it without the hard work and dedication of groups such as The Salvation Army.'

■ **Pep Guardiola hails 'an extraordinary tournament'.** Manchester City football manager Pep Guardiola made a surprise visit to cheer on teams at the 2019 Partnership Trophy run by The Salvation Army for residents of our centres for homeless people. Pep joined forces with Liverpool legend Mark Lawrenson to cheer on the 300 players competing. For many of our residents, playing football provides healthy exercise, builds self-confidence and teamwork, and helps to make new friendships. As Pep said: 'This is an extraordinary tournament. The Salvation Army are doing an amazing job.' In 2019 for the first time the tournament included former victims of modern slavery who are being supported by The Salvation Army.

#### Looking forward:

Supporting people experiencing homelessness and helping them move forward into their own tenancies is a core part of Social Trust work. We remain committed to developing our support services, our training and skills development programmes to strengthen the resilience of the people who come to us - and move on from us. We will continue to review how we develop our Homelessness Services, how we can integrate more with the local Salvation Army centres and the wider community.





## UNEMPLOYMENT

Services to help unemployed people find work have always played an important part in The Salvation Army's social mission. Not only does productive employment help to raise people out of poverty, it also gives them self-esteem, dignity and a sense of wellbeing. Today our network of Employment Plus services offers all the support people need to be ready for work, including internet job searches, training options, help with CVs and applications, and preparation for interviews. But more importantly, we offer people a personal service which helps them explore their own needs and goals and encourages them to believe in themselves and their ability to find the right job.

■ **Employment services at the heart of the community.** Employment Plus operates in churches, community centres and Lifehouses within The Salvation Army. Among them is our church hall in Ashley Road, Bristol, where Bristol Mayor Marvin Rees joined us to mark Employability Day on 28 June 2019. There our staff work alongside jobseekers to understand their needs and goals, and tailor our service to fit the needs of each individual. Speaking during his visit, the Mayor said: 'Connecting people to jobs and opportunity is at the heart of our ambition for reducing social and economic isolation in the city. Programmes like Employment Plus are vital in assisting those without easy access to that support.'

■ **Employment Plus in lockdown.** Since the start of the pandemic, our employment services have been more important than ever. Firms have closed or shed jobs - and finding a job can be harder than ever. That's why, even during the lockdown, our Employment Plus service didn't shut up shop. When face-to-face meetings became impossible, we used online and telephone contact to go on working for our clients.



■ **Employment Plus in action: Catherine's story.** Catherine is one of over 10,000 people whom The Salvation Army has helped into work through our Employment Plus programmes over the past eight years. She used to work as an administrator for a charity but lost her job when her short-term contract came to an end. Fortunately, Catherine was referred to The Salvation Army's Employment Plus programme in Splott, Cardiff. At the time, Catherine was volunteering with Splott Community Volunteers at a local breakfast club. Then Paul at Employment Plus told her about a scheme that would enable her to turn her voluntary role into a paid six-month work placement if she took on some additional duties. Now Catherine says: 'The work placement was life-changing. The help I received from The Salvation Army has been absolutely amazing. It has given me the support and the confidence to go out and find a permanent job.'

■ **Employment Plus in action: Wayne's story.** Wayne was unemployed for eight months in Caerphilly. He was supported by The Salvation Army to find work after doing a voluntary role for a long time and had a referral from the job centre. He had been on many employment programmes in the past with no avail. He had low confidence and had health issues as well as suffering from depression and anxiety. Wayne was supported to find a job which he had for three months before he was made redundant during lockdown. Within seven days The Salvation Army had helped him find a new role with the Government's coronavirus track and trace service.

■ **Campaigning to safeguard funding.** In November 2019, with the general election in full swing, The Salvation Army and the Shaw Trust sponsored an important report on the future of employment services in the UK. The aim of the report was to highlight the importance of this work and seek assurances from the political parties that they will continue to fund employment services and skills training after Brexit when the UK loses access to the European Social Fund. ESF funding has been particularly important in helping people who desperately want to work but are challenged by poor mental health or are lacking up-to-date job skills.

### Looking forward:

As the pandemic impact is now affecting hundreds of thousands of livelihoods, our commitment remains resolute - to support those hardest hit and to support people as they look for work at a time when the playing field will be far from even and competition for jobs will be fierce.



## ADDICTION SERVICES

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 their future so that it is not dominated and dictated by their past.

■ **Addictions Strategy.** The Salvation Army’s three-year plan to expand our work to help with addictions 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.’

■ **Partnership working to combat addiction.** The Salvation Army has joined with the University of Stirling to introduce a new Master’s degree in Addictions Studies. The Salvation Army staff started to study for this qualification, which will help them to provide effective support for people who want to break free from addictions. At the same time, our continuing partnership with the University of Stirling is providing ongoing opportunities to develop evidence-based practice in the field of addiction and harm reduction.



■ **Drug and Alcohol Strategy expands in Scotland.** A Salvation Army campaign tackling drug and alcohol addiction in Scotland is now being extended to the north of the country. The Scotland Drug and Alcohol Strategy has proved highly successful since it was launched in 2013, with staff working alongside people with addictions in Aberdeen, Falkirk, Greenock and Stirling. Now a specialist worker has been appointed, based in Inverness, to help widen the strategy's reach to the Highlands. Much of her day-to-day work is educational, helping people with addiction issues to adopt a happier and healthier way of life.

■ **Gloucester House rated outstanding.** Gloucester House is a Salvation Army drug and alcohol rehabilitation clinic that houses 13 people. In its 2019 annual report the Care Quality Commission gave the clinic an overall rating of 'outstanding'. The report notes that staff respect the residents' privacy and dignity, valuing them as individuals and treating them with compassion and kindness. Susan Tollington, the service manager, said: 'This is a caring, calming and supportive environment, where we work to repair the damage caused by substance abuse.' One resident memorably commented that he had been 'loved back to life' at Gloucester House.

#### Looking forward:

Addictions can wreck lives and relationships, but through local support and through the Salvation Army Social Work Trust, we will continue to invest in support and detox services that will help people break free and support them as they seek to rebuild their lives and re-establish all important relationships.

## ANTI-TRAFFICKING AND MODERN SLAVERY

The Salvation Army is at the forefront of fighting human trafficking and modern slavery in the UK. Under a UK Government contract, we give specialist support to all adult victims of modern slavery in England and Wales and their dependents who are referred to them. The services we provide include accommodation in a safe house where required, outreach support, an identified support worker, counselling and emotional support, access to legal aid and translation services, medical support and advice on housing and employment.

Modern slavery is often unseen in our society. Yet victims of modern slavery have been found in their thousands working in the construction industry, farming, factories and the hotel and catering trades. Many are coerced into criminal activities and prostitution. What's more, the situation appears to be getting worse.

■ **New rise in the numbers needing help.** Last year, for the eighth year running, there was an increase in the overall number of people of all nationalities being referred to The Salvation Army for support and assistance. A total of 2,251 slavery victims entered our support services between June 2018 and June 2019 compared with 1,856 people the year before.

■ **Steep rise in British victims.** Victims of modern slavery are of many different nationalities - but significantly last year saw a steep rise in the number of British nationals needing support. Over 12 months 136 British nationals needed help, of whom 96 were victims of forced labour, 30 were sexually exploited and nine were domestic slaves. Major Kathy Betteridge, The Salvation Army's Director of Anti-Trafficking and Modern Slavery, said: 'It is appalling that anyone is forced to work as a slave, regardless of their nationality. Thanks to our government contract, we are able to offer safe houses and support services for all the slavery victims who are referred to us for help.'

■ **Raising awareness of modern slavery.** According to a poll in July 2019, three quarters of people questioned are not confident that they can spot the signs that someone is being forced to work as a slave. The poll also found that 25 per cent of people are unsure or do not think that people are being forced to work as slaves in the UK. That's why, for Anti-Slavery Day (18 October 2019) The Salvation Army launched an awareness campaign called #WeAreNotForSale. It featured temporary tattoos which people could wear to highlight modern slavery, as well as information to help people recognise slavery when they come across it in their own communities.

■ **Forced to work 100 hours a week: Sanu's story.** In November 2019 BBC Radio 5 highlighted the story of a Bangladeshi man, Sanu, who was forced into slavery in the UK. After being rescued, Sanu was referred to a Salvation Army safe house to recover from his ordeal.

Sanu came to the UK to study, but his problems began when he was offered a job in a shop by a man he knew. The shopkeeper was a people trafficker who confiscated Sanu's passport and made him work seven days a week for little or no pay. For seven terrible years, Sanu worked 100 hours a week - and if he asked for time off, he was beaten. Eventually a customer spotted that something was wrong and helped Sanu escape. After contacting the police, Sanu was referred to The Salvation Army for help. Now he has told his story to raise awareness of modern slavery. He said: 'If I share these things, people will learn.'

### 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 to deliver specialist support services to the victims of modern slavery in England and Wales for a further five years. This expression of confidence in our delivery enables us to build on all the expertise we and our partners and subcontractors 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 remain in a strong place to support and serve these victims in personalised, empowering ways.

## 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 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 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.

■ **Steps to Work.** 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.





■ **Strawberry Field forever: Mike's story.** Mike was diagnosed with attention deficit hyperactivity disorder when he was three years old and has taken medication ever since to control it. He also has autism. It was very difficult for him to find a paid job when he left college in 2015. He carried out several work trials but none of them worked out. Then Mike heard about the Steps to Work programme. 'I thought it couldn't hurt to give it a try,' he remembers. 'There were eight of us in total and our friendships really grew.'

Mike studied food technology at school, and now he has been encouraged to take his studies further. 'Catering is everywhere,' he says. 'It's a good skill to have.' Mike's first work placement was in a school kitchen, which he loved. Our work coaches were on hand to ease his worries and help him every step of the way. Now he is hopeful that a fulfilling career lies ahead of him. He says: 'The Salvation Army has helped me so much. I feel like part of a team and have even got a social life from it. Strawberry Field friends for ever!'

■ **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 their 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.'

### Looking forward:

Our commitment to seeking ways for people to live life in all its fullness remains at the heart of our work, and in the disability sector, where our work straddles the Social Work Trust and The Salvation Army Trust, we will continue to invest, maximise opportunities and put our energy into all appropriate opportunities that we can.



## OLDER PEOPLE

No matter your age or ability, we believe it's important that later life should be a rich and fulfilling time. Nationally we offer a range of services to improve the quality of life for older people, including 12 residential care homes and adult day centres across the United Kingdom and the Republic of Ireland.

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



■ **Glebe Court reopens as state-of-the-art care home.** Our Glebe Court residential care home in Lewisham was officially reopened in December 2019 after a complete refurbishment to bring it up to the highest modern standards. It now provides a bright, modern, accessible environment in welcoming, calming and dementia-friendly surroundings. Funding for the work came through gifts in Wills, the sale of properties and land and a generous grant from the Bradbury Foundation. Home manager Hilary Upjohn said: 'We want everyone at Glebe Court to feel safe, cared for and loved. Since we moved back in, feedback from residents has been overwhelmingly positive.'

■ **Care home residents connect with nature.** Residents from Bradbury Home, The Salvation Army's care home in Southend-on-Sea, have visited animals at a farm as part of an innovative dementia and wellbeing programme. Connecting residents with animals and nature encourages social interaction, stimulates the senses and triggers memories in people who are living with dementia. There are also regular group sessions at the home exploring farming and nature. Activities include songs, crafts, quizzes and holding small animals such as rabbits and guinea pigs. Not all residents who take part in the programme have dementia, and the activities are designed to promote general wellbeing.

■ **Care homes and the pandemic.** As soon as the scale of the coronavirus pandemic became apparent, we introduced measures such as social distancing, hand sanitising, the lockdown of activity rooms and staggered mealtimes to protect our residents.

■ **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 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 Salvation Army Social Work Trust care homes are just that - homes where we care. We will continue to ensure these homes are managed and maintained to the highest standards, where care is the best it can be; and especially during the pandemic, which has put added financial pressure on us, that funding is made available to keep them safe both for staff and residents.

## 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 and the Way Out*, 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.

The Unit's key policy priority areas are homelessness, universal credit, modern slavery and human trafficking. All of these are social problems that we see every day. 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:

The Salvation Army will remain committed not just to offering practical support to people in all forms of need in our communities; we will also 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, London, has reached the end of its useful designlife, is being sold to a developer and will be vacated in late 2023. 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.

## SUBSIDIARIES

The Salvation Army Social Work Trust works in harmony with its subsidiary Salvation Army Housing Association (saha). saha operates nationally in 85 local authorities across England and has five main areas of operation:

1. Agency Managed Centres (1,763 bed spaces):  
saha works in partnership with a number of organisations nationally to provide a wide range of Agency Managed Supported Housing services.
  2. General Needs (1,288 homes):  
saha has a range of accommodation mainly for single people; and also flats and houses for families.
  3. Accommodation for the over-55s (293 bed spaces):  
accommodation comes with specialist services for those over the age of 55, including a scheme manager providing on-site support.
  4. Directly Managed Supported Housing (519 bed spaces):  
saha has three foyers, housing young people between the ages of 16 and 25, one supported housing direct access accommodation for those over the age of 16, two accommodations centres for young mothers in East Essex and one scheme for people with mental health issues.
  5. Registered Care Homes (58 bed spaces):  
saha manages a number of registered care homes, both directly and working with the parenting agency to provide support and care for clients in a residential environment.
- saha also manages over 880 residential properties on behalf of The Salvation Army, providing a housing management service throughout the country.

## RAISING FUNDS

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

Fundraising for the overall work of The Salvation Army, including the work carried out by The Salvation Army Social Work Trust, is managed through and executed under The Salvation Army Trust, a separate charity from The Salvation Army Social Work Trust.

One of the distinctive features in the delivery of services covered by The Social Work Trust is that we always seek to do the best we can to help people experience holistic change. Often this means providing additional support services, training and skills development. This comes at a cost and therefore to meet this additional cost The Salvation Army Trust makes a grant to The Salvation Army Social Work Trust based on funding needs.

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

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

Our fundraising and appeals programme feature the work of both trusts.

The Salvation Army Trust Report and Accounts form a sister publication to these reports and accounts.

## REVIEWING FINANCES

### Income

	2020	2019
	£m	£m
Charitable activities:		
Centres' revenue income	75.7	73.5
Other social operations	36.2	23.8
Housing association turnover	26.3	28.5
	<b>138.2</b>	<b>125.8</b>
Legacies and donations	3.5	6.7
Grants from The Salvation Army Trust	16.0	19.6
Investment and rental income	2.7	2.6
Other income	0.0	0.3
<b>Total income</b>	<b>160.4</b>	<b>155.0</b>

## Centres' revenue income

The main elements are:

- charges for residents in our care homes for older people (£14.6 million)
- charges for residents in our Lifehouses (£26.5 million)
- income received under contracts with local authorities, principally Supporting People contracts (£27.2 million)

## Other social operations

The main elements are:

- Employment Plus (£1.6 million)
- Anti-Trafficking (£34.4 million)

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

We provided support to the victims of modern slavery under a contract with the Home Office. The demand for this service has increased year on year.

## Housing Association turnover

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

## Legacies and donations

Legacies of £1.0m and donations of £2.5m were received in the current year.

## Grants from The Salvation Army Trust

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

## Expenditure

	2020	2019
	£m	£m
Charitable activities:		
Centres' operations	100.8	105.3
Other social operations	40.6	27.8
Housing association operating costs	28.2	29.9
	<b>169.6</b>	<b>163.0</b>
Cost of raising funds	0.1	0.7
<b>Total expenditure</b>	<b>169.7</b>	<b>163.7</b>

## Centres' operations

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

## Other social operations

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

## Net gains/(losses) on investments

There has been an unrealised loss on investments of £7.6 million (2019: gain of £7.5 million).



## Funds

The Social Work Trust (excluding saha results) has generated a deficit of £16.0 million compared to a deficit of £1.1 million in the previous year.

Total funds at the year end were as follows:

	2020 £m	2019 £m
Endowment funds	12.7	13.8
Restricted funds:		
Social Work Fund	75.6	64.8
Social Work projects	39.6	46.4
saha operations	125.0	123.2
Total restricted funds	240.2	234.4
Unrestricted funds:		
Designated funds	12.6	22.3
Unrealised investment gains	44.1	51.4
General reserve	8.2	10.1
Total unrestricted funds	64.9	83.8
<b>Total funds</b>	<b>317.8</b>	<b>332.0</b>

### Endowment funds

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

### Restricted funds

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

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

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

## Unrestricted funds

### Designated reserves

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

### Unrealised gains

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

### General reserve

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

## RESERVES POLICY

Our reserves policy focuses on the level of general reserves.

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

The directors have reviewed the main income streams, the risks associated with them, the main categories of expenditure and the extent to which these can be curtailed if required. A significant proportion of our income is received under contract from local authorities. As such, this is subject to regular competitive tendering and to changes in central and local government policies. The Trust also receives a grant from its sister trust - The Salvation Army - generated from its fundraising to support work of the Trust. There is a much smaller portion of income that is voluntary income which can be uncertain and fluctuate from year to year.

The level of general reserves is reviewed on a regular basis considering the risks and changes in the income and expenditure streams. 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 £4m to £5m was set for free reserves.

As at the year end, general reserves amounted to £8.2 million. The Directors consider this to be appropriate to address the impact of the pandemic.

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

## INVESTING FOR THE FUTURE

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

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

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

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

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

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

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

### **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.

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

## CIF2

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

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

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

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

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

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

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

### Salvation Army Housing Association

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



## RECRUITMENT AND APPOINTMENT OF DIRECTORS (TRUSTEES)

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

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

### Training and Induction of Directors

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

### Organisational Structure and Decision Making

SATCo's board (the 'Board') is assisted by an Audit Committee, a Nominations Committee, an Investment Advisory Committee and a Risk Management Committee. The 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.

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

### **Directors' Responsibilities**

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

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

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

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

### **Key Management Remuneration**

Key management personnel of The Salvation Army comprise Salvation Army officers and employees. Salvation Army officers do not receive a salary; instead 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.

No remuneration of key management personnel is charged direct to the Social Work Trust. Further information is disclosed in Note 11 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 some 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. Resources were directed to ensure as many as possible of our 'mission critical' services, particularly homelessness, older people's and anti-trafficking and modern slavery services, remained open. In many areas demand increased and services were expanded. 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
<b>CYBER SECURITY</b> - The risk is that we fail to protect our information systems and the information they hold from malicious attacks resulting in a security breaches, loss of service, damage to our reputation and fines.	Cyber and information security controls are in place and are regularly reviewed.
<b>DATA PROTECTION</b> - The risk is that we fail to protect sensitive and personal data resulting in regulatory non-compliance, damage to our reputation and financial penalties.	Following the introduction of the General Data Protection Regulation (GDPR), we continue to: <ul style="list-style-type: none"> <li>• Audit and document personal data processing across the Territory for GDPR compliance</li> <li>• Review and enhance policies, procedures and supporting guidance</li> <li>• Provide mandatory data protection training for staff, officers and volunteers</li> </ul>
<b>FINANCIAL SUSTAINABILITY</b> - The risk is that there is insufficient revenue income and reserves to support our operating model resulting in the failure of The Salvation Army to thrive in a rapidly changing environment.	We continue to monitor the funding situation and adjust our financial planning and commitments accordingly to ensure we are financially resilient.
<b>HUMAN RESOURCES</b> - The risk is that we are unable to attract, develop and retain staff 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.
<b>SAFEGUARDING</b> - The risk is that we fail to provide a safe environment, free from abuse, for everyone, including vulnerable beneficiaries. This could put people at risk, damage our reputation, reduce donations and result in financial penalties.	We have clear policies and procedures in place for safeguarding and ensure the appropriate screening, training and supervision of staff. The Territorial Safeguarding Committee oversees management of the risk.
<b>SAFE MISSION</b> - The risk is that we are not able to ensure the health, safety and welfare of personnel, service users and members of the public who are affected by our activities. This could put our personnel and benefactors at risk, damage our reputation and result in regulatory non-compliance and financial penalties.	Comprehensive policies, procedures and guidance are in place, alongside a supervisory control framework.
<b>BUSINESS CONTINUITY</b> - 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 contractual obligations and stakeholder expectations. This could result in reputational damage, failure to safeguard the wellbeing of personnel and beneficiaries, loss of income where contractual obligations cannot be fulfilled 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 <sup>1</sup> .....	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 <sup>1</sup> .....	(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	

<sup>1</sup> *not in office during period 1 April 2019 to 31 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 Social Work Trust Group 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 Social Work Trust group 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken, so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report or for the opinions we have formed.

**65 Leadenhall Street  
London EC3A 2AD**

**11 December 2020**

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



**Knox Cropper LLP  
Chartered Accountants  
Registered Auditors**

# The Salvation Army Social Work Trust

## Financial Statements

### CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2020

	Note	Endowments £000	Restricted £000	Unrestricted £000	2020 Total £000	2019 Total £000
<b>INCOME AND ENDOWMENTS FROM:</b>						
Donations and Legacies						
Grants receivable: TSA Trust		-	-	16,000	16,000	19,607
Donations		-	550	1,894	2,444	2,507
Legacies		-	925	93	1,018	4,207
		-	1,475	17,987	19,462	26,321
Charitable Activities						
Centres' operations	2	-	4,141	71,546	75,687	73,551
Other social operations	3	-	1	36,166	36,167	23,763
Housing Association turnover	13	-	26,368	-	26,368	28,520
		-	30,510	107,712	138,222	125,834
Investments	4	-	589	2,152	2,741	2,618
Other						
Gains on disposal of fixed assets	5	-	3	2	5	298
<b>TOTAL INCOME</b>		-	<b>32,577</b>	<b>127,853</b>	<b>160,430</b>	<b>155,071</b>
<b>EXPENDITURE ON:</b>						
Raising Funds						
Fundraising activities	6	-	-	-	-	700
Investment management costs		-	-	50	50	50
		-	-	50	50	750
Charitable Activities						
Centres' operations	8	-	15,064	85,698	100,762	105,328
Other social operations	9	-	357	40,279	40,636	27,772
Housing Association operating costs	13	-	28,203	-	28,203	29,906
	7	-	43,624	125,977	169,601	163,006
<b>TOTAL EXPENDITURE</b>	10	-	<b>43,624</b>	<b>126,027</b>	<b>169,651</b>	<b>163,756</b>
Net Gains/(Losses) on Investments	17	(1,104)	829	(7,353)	(7,628)	7,507
<b>NET (EXPENDITURE)/INCOME</b>		<b>(1,104)</b>	<b>(10,218)</b>	<b>(5,527)</b>	<b>(16,849)</b>	<b>(1,178)</b>
Transfers between Funds *	22/23	-	13,368	(13,368)	-	-
Other Recognised Gains/(Losses)		-	-	-	-	-
Actuarial Gains/(Losses) on Defined Benefit Pension Schemes	13	-	2,620	-	2,620	(3,009)
<b>NET MOVEMENT IN FUNDS</b>		<b>(1,104)</b>	<b>5,770</b>	<b>(18,895)</b>	<b>(14,229)</b>	<b>(4,187)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total Funds brought forward	21/22/23	13,817	234,381	83,829	332,027	336,214
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>12,713</b>	<b>240,151</b>	<b>64,934</b>	<b>317,798</b>	<b>332,027</b>

All income and expenditure has arisen from continuing activities. £16,018k of the net expenditure of funds disclosed above arises in the parent charity (2019: net expenditure of £1,071k). \*Transfers between funds arise from property transactions, because all funds expended on property assets are reflected as restricted funds, net of funding of homelessness and older people's services centres from legacy funds.

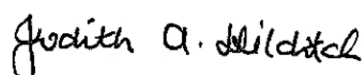
# BALANCE SHEET AS AT 31 MARCH 2020

	Note	Group		Parent	
		2020 £000	2019 £000	2020 £000	2019 £000
<b>FIXED ASSETS</b>					
Tangible Fixed Assets					
Properties	14	198,933	190,769	75,624	64,808
Property schemes in progress	15	2,457	10,456	2,159	9,055
Motor vehicles and equipment	16	732	996	138	156
Investments	17	129,039	136,643	99,039	107,643
<b>TOTAL FIXED ASSETS</b>		<b>331,161</b>	<b>338,864</b>	<b>176,960</b>	<b>181,662</b>
<b>CURRENT ASSETS</b>					
Stocks		105	105	105	105
Debtors and prepayments	18	15,534	16,620	13,495	14,436
Short-term deposits		13,914	20,146	13,914	20,146
Bank balances and cash		23,950	16,821	14,830	6,270
		53,503	53,692	42,344	40,957
CREDITORS: Amounts falling due within one year	19(a)	(33,132)	(21,646)	(26,460)	(13,757)
<b>NET CURRENT ASSETS</b>		<b>20,371</b>	<b>32,046</b>	<b>15,884</b>	<b>27,200</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>351,532</b>	<b>370,910</b>	<b>192,844</b>	<b>208,862</b>
Creditors: Amounts falling due outside one year	19(b)	(31,712)	(33,835)	-	-
Defined Benefit Pension Scheme Liability	12(c)	(2,022)	(5,048)	-	-
<b>TOTAL NET ASSETS</b>		<b>317,798</b>	<b>332,027</b>	<b>192,844</b>	<b>208,862</b>
<b>FUNDS</b>					
Endowment Funds	21	12,713	13,817	12,713	13,817
Restricted Funds	22				
Social Work Fund		75,624	64,808	75,624	64,808
Other Restricted Funds		164,527	169,573	39,573	46,408
		240,151	234,381	115,197	111,216
Unrestricted Funds	23	64,934	83,829	64,934	83,829
<b>TOTAL FUNDS</b>	24	<b>317,798</b>	<b>332,027</b>	<b>192,844</b>	<b>208,862</b>

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



Lieut-Colonel Alan Read (Director)



Major Judith Hilditch (Director)



## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net Cash provided by/(used in) operating activities	25		13,151		1,350
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment and rental income		2,741		2,618	
Additions to properties		(1,806)		(2,598)	
Additions to motor vehicles and equipment		(505)		(1,052)	
Additions to property schemes in progress		(9,679)		(8,253)	
Proceeds on disposal of motor vehicles and equipment		72		23	
Purchase of investments		(24)		(1,547)	
Proceeds on disposal of properties		194		978	
Management of short-term deposits		6,232		(52)	
Net Cash provided by investing activities			(2,775)		(9,883)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Interest payable		(1,249)		(1,416)	
(Decrease)/Increase in Bank Loans		(1,998)		(8,570)	
Net Cash provided by/(used in) financing activities			(3,247)		(9,986)
Change in Cash and Cash Equivalents in the year			7,129		(18,519)
Cash and Cash Equivalents at the beginning of the year			16,821		35,340
Cash and Cash Equivalents at the end of the year			<b>23,950</b>		<b>16,821</b>

### ANALYSIS OF CHANGES IN NET DEBT

	Balance 1 April 2019 £000	Cash- Flows £000	Net Loan Repayments £000	Balance 31 March 2020 £000
Cash at Bank	16,821	7,129	-	23,950
Loans falling due within one year	(1,592)	-	40	(1,552)
Loans falling due after more than one year	(31,910)	-	1,958	(29,952)
	<b>(16,681)</b>	<b>7,129</b>	<b>1,998</b>	<b>(7,554)</b>

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

## 1. ACCOUNTING POLICIES

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

### (a) Basis of Accounting

The financial statements have been prepared under the historical cost convention, subject to the inclusion of certain financial instruments and investment properties at fair value and donated properties at valuation on acquisition, and are in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition - October 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', The Salvation Army Act 1980, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

The 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 Social Work 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. Much of the activity within the Social Work Trust involves supporting vulnerable people and therefore this work has continued throughout the pandemic. The Trust has continued to provide safe places for homeless people to live, residential care for elderly people, safe places for trafficked people, employment services (which moved online) and debt advice. Its early-year nurseries also recommenced as soon as it was safe to do so. The income for the Social Work Trust has remained at a level pre-pandemic, although income for residents in our Lifehouses is slightly reduced due to the need to reduce occupancy for social distancing compliance. In our contracted services there have been grants and extra payments made by local authorities to support the extra costs of PPE, extra cleaning, and the need for agency workers to cover staff who had to self-isolate or shield or who caught Covid-19. Restricted legacies and reserves have been reviewed and, where possible, used to further support the work of the Trust. This has resulted in the continued good work of the Social Work Trust and given confidence that the work is financially stable for the coming years.

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) Basis of Consolidation

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

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

#### i. Financial instrument classification

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

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

Property improvement and development schemes are reviewed to ascertain whether expenditure

should be capitalised or charged to the Statement of Financial Activities. Expenditure which enhances the social use of the property or improves its economic return is capitalised. Expenditure which repairs a property and brings it back to its original condition is written off.

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

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

**iv. Bad debt provision**

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

**v. Defined Benefit Obligation**

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 12(c)). The net defined benefit pension obligation at 31 March 2020 was £2,022,000.

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

**(e) Expenditure**

**i. Total expenditure includes:**

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

Governance Costs reflect the costs incurred under the governance arrangements of the charity which consist of the costs of complying with legislation including audit, legal services and strategic planning. These costs are then allocated to charitable activities on a basis consistent with the utilisation of resources.

- ii. **Expenditure is charged** on the accruals basis.
- iii. **Irrecoverable Value Added Tax** is charged to the related heads of expenditure.
- iv. **Pension Costs**

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

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

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

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

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

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

- Social Housing Pension Scheme, a multi-employer defined benefit scheme. Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses. The net defined benefit pension obligation at 31 March 2020 was £2,022,000.
- The auto-enrolment SHPS defined contribution pension scheme, the contributions on which are charged when payments to the pension scheme fall due.
- The Pension Trust Growth Plan, a multi-employer defined benefit scheme. The pension charge represents the amounts payable by the company to the scheme in respect of the year. In the past, this scheme included a defined benefit element as the pensions were index linked, so where there is a contractual obligation to make payments under a deficit reduction plan in respect of the former defined benefit element of the scheme, this has been recognised as a liability in full in the financial statements.

## (f) Fixed Assets

- 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. The non-capital element of property schemes is written off in the year in which costs are incurred. All properties are disclosed at cost less accumulated depreciation other than saha properties at the dates of acquisition (19 January 2011 and 23 March 2017) which were brought into account at those dates at fair values (being an existing use social housing valuation (EUV - SH) prepared by independent chartered surveyors). These properties are subsequently depreciated at the rates indicated below.
- ii. **Expenditure on the acquisition of vehicles** is capitalised and expenditure on computer equipment and other office equipment which exceeds £15,000 in value is capitalised and depreciated over its economic life. Any equipment acquired at centres is written off in the year of acquisition.

- iii. In accordance with FRS 102 component accounting has been adopted 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	20-30 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%-33% pa on cost
Office Equipment	- 10%-33% 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.
- vi. The Social Work Trust has achieved partnership status with the Homes and Communities Agency which means that it can access capital funds from this source to assist with the costs of schemes. saha has always been able to access this funding. Grants arising are credited to restricted income except where the income is subject to certain restrictions which remain unfulfilled at the accounting reference date, in which case the income is deferred. A proportion of the depreciation charge arising on the properties concerned is charged against these restricted funds.

#### (g) Investments and Investment Properties

To comply with the Charities SORP, investments are included at fair value (their market value).

Realised gains on investments are calculated as the difference between sales proceeds and the market value of those investments at the last balance sheet date, or cost if acquired during the year.

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

#### (h) Stocks

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

#### (i) Funds

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



- Unrealised Gains Reserve held to separate recognised gains still subject to market risk; and
- General Reserve representing the net assets not designated for specific purposes.

#### (j) Foreign Currency Translation

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

## 2. CHARITABLE ACTIVITIES: CENTRE OPERATIONS

	2020					2019	
	Maintenance & Special Care Allowance £000	Supporting People £000	Other Contract Income £000	Local Authority & Other Grants £000	Catering & Miscellaneous Income £000	Total £000	Total £000
Social Services Centres							
Older People	13,241	-	-	31	162	13,434	12,865
Single Homeless	8,938	9,173	-	392	337	18,840	19,949
Family and Children	2,100	1,854	-	518	713	5,185	3,739
Day Care	319	209	-	92	136	756	602
Addictions	652	404	-	52	21	1,129	707
Probation	-	81	-	50	91	222	278
Other Non-Residential Programmes	78	1,287	-	1,336	1,345	4,046	4,188
	<u>25,328</u>	<u>13,008</u>	<u>-</u>	<u>2,471</u>	<u>2,805</u>	<u>43,612</u>	<u>42,328</u>
Housing Association Centres							
Older People	1,157	-	-	-	5	1,162	1,105
Single Homeless	17,549	10,070	-	781	470	28,870	27,947
Family and Children	654	581	-	101	17	1,353	1,583
Addictions	122	-	-	48	1	171	151
	<u>19,482</u>	<u>10,651</u>	<u>-</u>	<u>930</u>	<u>493</u>	<u>31,556</u>	<u>30,786</u>
Social Enterprise	-	29	-	94	396	519	437
<b>Total 2020</b>	<u><b>44,810</b></u>	<u><b>23,688</b></u>	<u><b>-</b></u>	<u><b>3,495</b></u>	<u><b>3,694</b></u>	<u><b>75,687</b></u>	<u><b>73,551</b></u>
<b>Total 2019</b>	<u><b>46,210</b></u>	<u><b>22,061</b></u>	<u><b>-</b></u>	<u><b>2,979</b></u>	<u><b>2,301</b></u>	<u><b>73,551</b></u>	<u><b>73,551</b></u>

£4,141,000 (2019: £2,936,000) of centres' revenue income represents contracts restricted income predominantly being funding received from local authorities to fund the activities at specific centres.

### 3. OTHER SOCIAL OPERATIONS

	Endowments	Restricted	Unrestricted	2020 Total	2019 Total
	£000	£000	£000	£000	£000
Employment Plus	-	-	1,568	1,568	1,292
Anti-Human Trafficking	-	-	34,380	34,380	22,298
Defence Services Operations	-	-	189	189	140
Family Tracing, Counselling etc	-	1	29	30	33
Sundry income	-	-	-	-	-
	-	1	36,166	36,167	23,763

### 4. INVESTMENTS

	Restricted	Unrestricted	2020 Total	2019 Total
	£000	£000	£000	£000
Dividend and Interest receivable	566	1,802	2,368	2,240
Rents receivable	23	350	373	378
	589	2,152	2,741	2,618

### 5. OTHER INCOME

	Endowments	Restricted	Unrestricted	2020 Total	2019 Total
	£000	£000	£000	£000	£000
Gain on disposal of properties	-	3	-	3	298
Gain on disposal of motor vehicles and equipment	-	-	2	2	-
	-	3	2	5	298

### 6. FUNDRAISING ACTIVITIES

	Endowments	Restricted	Unrestricted	2020 Total	2019 Total
	£000	£000	£000	£000	£000
Contribution towards the costs of TSA Trust Fundraising Department	-	-	-	-	700

The Salvation Army Trust Fundraising Department is responsible for the Annual Appeal and other fundraising activities which are used to fund grants to the Social Work Trust.

## 7. ANALYSIS OF COSTS OF CHARITABLE ACTIVITIES

	Endowments	Restricted	Unrestricted	2020 Total	2019 Total
	£000	£000	£000	£000	£000
Centres' Operations (Note 8)	-	15,064	85,698	100,762	105,328
Other Social Operations (Note 9)	-	357	40,279	40,636	27,772
saha Operating Costs (Note 13)	-	28,203	-	28,203	29,906
	-	<b>43,624</b>	<b>125,977</b>	<b>169,601</b>	<b>163,006</b>

## 8. ANALYSIS OF CENTRES' OPERATIONS COSTS

	2020						2019	
	Salaries & Other Staff Costs	Catering, Cleaning & Other Services	Other Operating Costs	Property & Furnishings	Support Costs	Governance Costs	Total	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Social Services Centres								
Older People	11,009	1,430	808	1,237	2,746	27	17,257	18,033
Single Homeless	10,741	763	3,423	6,543	3,828	40	25,338	30,097
Family and Children	3,142	114	210	1,861	1,518	10	6,855	4,854
Day Care Centres	517	60	115	117	94	1	904	1,170
Addictions	903	15	50	300	142	2	1,412	1,246
Probation	202	3	3	12	36	-	256	437
Other Non-Residential Programmes	4,966	661	431	774	1,267	12	8,111	9,452
	<b>31,480</b>	<b>3,046</b>	<b>5,040</b>	<b>10,844</b>	<b>9,631</b>	<b>92</b>	<b>60,133</b>	<b>65,289</b>
Housing Association Centres								
Older People	781	121	75	75	515	2	1,569	1,391
Single Homeless	15,870	2,984	1,215	3,438	12,560	57	36,124	35,508
Family and Children	776	26	78	184	629	3	1,696	2,060
Addictions	57	62	19	16	100	-	254	155
	<b>17,484</b>	<b>3,193</b>	<b>1,387</b>	<b>3,713</b>	<b>13,804</b>	<b>62</b>	<b>39,643</b>	<b>39,114</b>
Social Enterprise	392	101	155	97	240	1	986	925
<b>Total Costs 2020</b>	<b>49,356</b>	<b>6,340</b>	<b>6,582</b>	<b>14,654</b>	<b>23,675</b>	<b>155</b>	<b>100,762</b>	<b>105,328</b>
<b>Total Costs 2019</b>	<b>46,224</b>	<b>6,142</b>	<b>6,179</b>	<b>23,249</b>	<b>23,364</b>	<b>170</b>		<b>105,328</b>

Governance costs include external audit fees, inclusive of VAT, of £155,000 (2019: £170,000).

£15,064,000 (2019: £2,436,000) of centres' operations costs are funded from restricted funds.

Other Non-Residential Programmes expenditure in the above table includes expenditure of £1.74 million for Strawberry Field and £1.6 million for Hadleigh Farm.

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

Support Costs consist of:	2020 £	2019 £
Centres' Support Costs	15,163	12,654
Other Support Costs		
Personnel	1,255	1,047
Business Administration	4,986	4,161
Communications	793	662
Secretariat	1,376	1,148
Mission Service Management	102	85
Pensions Deficit Payment (note 12(b))	-	3,607
	<b>23,675</b>	<b>23,364</b>

## 9. OTHER SOCIAL OPERATIONS

	Endowments £000	Restricted £000	Unrestricted £000	2020 Total £000	2019 Total £000
Employment Plus	-	1	3,313	3,314	2,679
Anti-Human Trafficking	-	356	34,793	35,149	22,778
Defence Services Operations	-	-	201	201	311
Family Tracing, Counselling, etc	-	-	1,972	1,972	2,004
	<b>-</b>	<b>357</b>	<b>40,279</b>	<b>40,636</b>	<b>27,772</b>

Employment Plus is a matched funding contract. As part of this contract The European Commission fund 50% of the total expenditure and the other 50% is matched by The Salvation Army and charged against the Social Work Trust's reserves.

## 10. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff Costs £000	Depreciation £000	Other Costs £000	2020 Total £000	2019 Total £000
Raising funds	-	-	50	50	750
Charitable activities	65,637	7,874	96,090	169,601	163,006
	<b>65,637</b>	<b>7,874</b>	<b>96,140</b>	<b>169,651</b>	<b>163,756</b>

## 11. PERSONNEL

	2020 Parent	2019 Parent	2020 Subsidiary	2019 Subsidiary (Restated)	2020 Total	2019 Total (Restated)
	£000	£000	£000	£000	£000	£000
Allowances and salaries	41,271	38,277	9,569	9,846	50,840	48,123
Social security costs	3,434	3,072	702	745	4,136	3,817
Pension Fund contributions	3,302	2,807	838	705	4,140	3,512
Redundancy costs	3	61	195	263	198	324
	<b>48,010</b>	<b>44,217</b>	<b>11,304</b>	<b>11,559</b>	<b>59,314</b>	<b>55,776</b>

### Redundancy Costs

Redundancy costs relating to employees in the Social Work Trust amounted to £197,247 (2019: £323,865). These costs are the result of staff restructuring at centres and closure of centres. Redundancy costs are recognised once a decision to make a post redundant has been communicated to an individual or the workforce.

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

	2020 Headcount No.	2020 FTE No.	2019 Headcount No.	2019 FTW No.
Trust				
Number of officers	97	85	98	88
Number of employees	2,182	1,577	2,201	1,553
	<b>2,279</b>	<b>1,662</b>	<b>2,299</b>	<b>1,641</b>
Subsidiary	358	236	398	270
<b>Total</b>	<b>2,637</b>	<b>1,898</b>	<b>2,697</b>	<b>1,911</b>

### Higher-Paid Employees

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

	2020 Parent No.	2020 Subsidiary No.	2020 Total No.	2019 Total No.
£60,001 - £70,000	3	2	5	5
£70,001 - £80,000	3	2	5	3
£80,001 - £90,000	-	1	1	-
£90,001 - £100,000	1	-	1	3
£100,001 - £110,000	-	-	-	2
£110,001 - £120,000	-	3	3	1
£120,001 - £130,000	-	-	-	-
£130,001 - £140,000	-	-	-	1
£140,001 - £150,000	-	1	1	-
£150,001 - £160,000	-	1	1	-
£180,001 - £190,000	-	1	1	-
	<b>7</b>	<b>11</b>	<b>18</b>	<b>15</b>



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. No allowances or salaries paid to any of the directors are charged direct to the Social Work Trust.

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

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

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

### **Key Management Personnel**

The key management personnel of the Trust are those persons having authority and responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly, including the directors of The Salvation Army Trustee Company as the Corporate Trustee of the Trust. The Trustee considers the key management personnel of the Trust to be the executive directors (officers and employees) of the Board. The total aggregate remuneration, including pension contributions, paid to key management personnel during the year was £233,142 (2019: £287,643). As detailed above, no allowances or salaries paid to any of the directors are charged directly to the Social Work Trust.

## **12. PENSION COSTS**

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

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

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

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

The Salvation Army Retired Officers Allowance Fund was established by The Salvation Army Act 1963 under the legal name, The Salvation Army Officers Pension Fund. It is a registered charity and operates on the same basis as a defined benefit scheme but the benefits are not guaranteed. It is non-contributory by the officer, but a contribution per officer, at present £4,740 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.

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

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

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

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

The review was based on the following assumptions:

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

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

The trustees and employers agreed a recovery plan to eliminate the shortfall which involved lump sum payments into the fund by each of the employers. The amount payable by The Salvation Army Social Work Trust amounted to £3.6m and this was fully accounted for in the previous financial year.

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

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

As at end of 30 June 2019, saha had closed the SHPS DB final salary scheme for the future and all existing active members were transferred on to the SHPS Defined Contribution scheme from the 1 of July 2019.

Under the defined benefit pension accounting approach, the SHPS net deficit as at 1 April 2019 is £5,048k and £2,022k as at 31 March 2020.

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

	2020 £000	2019 £000
Fair value of plan assets	15,592	14,211
Present value of defined benefit obligation	(17,614)	(19,259)
Surplus/(deficit) in plan	(2,022)	(5,048)
Deferred tax	-	-
<b>Net defined benefit asset/(liability) to be recognised</b>	<b>(2,022)</b>	<b>(5,048)</b>

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

	2020 £000	2019 £000
Defined benefit obligation at start of period	19,259	17,189
Current service cost	(25)	295
Expenses	13	12
Interest expense	437	441
Contributions by plan participants	25	104
Actuarial losses/(gains) due to scheme experience	1,103	196
Actuarial losses/(gains) due to changes in demographic assumptions	(175)	53
Actuarial losses/(gains) due to changes in financial assumptions	(2,384)	1,244
Benefits paid and expenses	(639)	(275)
<b>Defined benefit obligation</b>	<b>17,614</b>	<b>19,259</b>

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

	2020 £000	2019 £000
Fair value of plan assets at start of period	14,211	13,140
Interest income	326	340
Experience on plan assets (excluding amounts included in interest income) - gain/(loss)	1,164	409
Contributions by the employer	505	493
Contributions by plan participants	25	104
Benefits paid and expenses	(639)	(275)
<b>Fair value of plan assets at end of period</b>	<b>15,592</b>	<b>14,211</b>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £1,490,000 (2019: £749,000).

**DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT  
OF FINANCIAL ACTIVITIES**

	2020 £000	2019 £000
Current service cost	(25)	295
Expenses	13	12
Net interest expense	111	101
	<hr/>	<hr/>
<b>Fair value of plan assets at end of period</b>	<b>99</b>	<b>408</b>

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

	2020 £000	2019 £000
Experience on plan assets (excluding amounts included in net interest cost) - gain/(loss)	1,164	409
Experience gains and losses arising on the plan liabilities - gain/(loss)	(1,103)	(196)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain/(loss)	175	(53)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain/(loss)	2,384	(1,244)
	<hr/>	<hr/>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain/(loss)	2,620	(1,084)
	<hr/>	<hr/>
<b>Total amount recognised in other recognised gains/(losses)</b>	<b>2,620</b>	<b>(1,084)</b>

## ASSETS

	2020 £000	2019 £000
Global Equity	2,281	2,391
Absolute Return	813	1,230
Distressed Opportunities	300	258
Credit Relative Value	428	260
Alternative Risk Premia	1,090	820
Fund of Hedge Funds	9	64
Emerging Markets Debt	472	490
Risk Sharing	527	429
Insurance-Linked Securities	479	408
Property	343	320
Infrastructure	1,160	745
Private Debt	314	191
Opportunistic Liquid Credit	377	-
Corporate Bond Fund	889	663
Liquid Credit	6	-
Long Lease Property	270	209
Secured Income	592	509
Liability Driven Investment	5,175	5,197
Net Current Assets	67	27
<b>Total assets</b>	<b>15,592</b>	<b>14,211</b>

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

## KEY ASSUMPTIONS

	2020 % per annum	2019 % per annum
Discount Rate	2.38%	2.30%
Inflation (RPI)	2.62%	3.30%
Inflation (CPI)	1.62%	2.30%
Salary Growth	2.62%	3.30%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2019	21.5
Female retiring in 2019	23.5
Male retiring in 2039	22.9
Female retiring in 2039	24.5



## EMPLOYER PENSION CONTRIBUTIONS

	2020 £000	2019 £000
Defined benefit employer contributions including deficit contributions	505	493
Growth Plan deficit contributions	29	28
Auto-enrolment & SHPS Defined contribution including deficit contribution	304	184
	<b>838</b>	<b>705</b>

The defined benefit pension costs for Salvation Army Housing Association was £505,204 (2019: £493,369). The pension cost is assessed in accordance with the advice of a qualified actuary using the Projected Unit Fund Method and is not materially different from that arising from the current employer's contribution rate.

### ((d) THE GROWTH PLAN

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

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

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

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

#### Deficit contributions

From 1 April 2019 to 31 January 2025:

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

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

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

#### Deficit contributions

From 1 April 2016 to 30 September 2025:

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

From 1 April 2016 to 30 September 2028:

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

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

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

#### PRESENT VALUE OF PROVISION

	2020 £000	2019 £000	2018 £000
Present value of provision	142	172	17

#### RECONCILIATION OF OPENING AND CLOSING CREDITOR

	2020 £000	2019 £000
Provision at start of period	172	17
Unwinding of the discount factor (interest expense)	2	-
Deficit contribution paid	(28)	(28)
Remeasurements - impact of any change in assumptions	(4)	2
Remeasurements - amendments to the contribution schedule	-	181
<b>Provision at end of period</b>	<b>142</b>	<b>172</b>

#### INCOME AND EXPENDITURE IMPACT

	2020 £000	2019 £000
Interest expense	2	-
Remeasurements - impact of any change in assumptions	(4)	2
Remeasurements - amendments to the contribution schedule	-	181

#### ASSUMPTIONS

	2020 % per annum	2019 % per annum	2018 % per annum
Rate of discount	2.53	1.39	1.71

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

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

	2020 £000	2019 £000	2018 £000
Year 1	29	29	2
Year 2	30	29	2
Year 3	31	30	2
Year 4	32	31	2
Year 5	28	32	2
Year 6	-	28	3
Year 7	-	-	3
Year 8	-	-	1
Year 9	-	-	-
Year 10	-	-	-

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

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

The Association also allows the employees to pay additional voluntary contributions (AVCs) into their pension scheme. The amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the financial year. The contributions due in the year were £nil (2019: £nil).

#### **AUTO-ENROLMENT**

As a result of the introduction of pensions 'auto-enrolment' by the Government, the cost of the new defined contribution scheme administered by SHPS was £304,464 (2019: £184,320) covering 349 employees (2019: 375 employees). This cost is inclusive of contributions in relation to the former SHPS Defined Benefit members who got transferred to the SHPS defined contribution scheme effective from 1 July 2019.

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

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

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

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

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

	2020		2019	
	£000	£000	£000	£000
Turnover		25,744		27,959
Grants Received		624		561
		<u>26,368</u>		<u>28,520</u>
Operating Costs				
Staff Costs	(9,497)		(9,987)	
Other Costs	(11,609)	(21,106)	(14,113)	(24,100)
		<u></u>	<u></u>	
Interest Payable		(1,249)		(1,416)
Property Depreciation		(5,831)		(4,372)
Tax		(17)		(18)
Gain on Disposal of Assets		-		259
Gain/(Loss) on revaluation of investment properties (Note 17)		975		953
Interest Receivable		29		67
Social Housing Pension Scheme (SHPS) Remeasurement of Obligation		-		(1,925)
Actuarial Gain/(Loss)		2,620		(1,084)
		<u>1,789</u>		<u>(3,116)</u>

## 14. PROPERTIES

GROUP	Freehold £000	Leasehold £000	Total £000
Cost or Valuation			
Balance at 1 April 2019	195,213	48,544	243,757
Additions during the year	1,806	-	1,806
Schemes completed during the year	11,196	2,529	13,725
	<u>208,215</u>	<u>51,073</u>	<u>259,288</u>
Less: Disposals	(13)	(216)	(229)
Balance at 31 March 2020	<u>208,202</u>	<u>50,857</u>	<u>259,059</u>
Accumulated Depreciation			
Balance at 1 April 2019	39,440	13,548	52,988
Charge for the year	4,987	2,190	7,177
Less: Disposals	(3)	(36)	(39)
Balance at 31 March 2020	<u>44,424</u>	<u>15,702</u>	<u>60,126</u>
<b>Net Book Value at 31 March 2020</b>	<b><u>163,778</u></b>	<b><u>35,155</u></b>	<b><u>198,933</u></b>
<b>Net Book Value at 31 March 2019</b>	<b><u>155,773</u></b>	<b><u>34,996</u></b>	<b><u>190,769</u></b>

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

<b>PARENT</b>	<b>Freehold £000</b>	<b>Leasehold £000</b>	<b>Total £000</b>
Cost			
Balance at 1 April 2019	93,605	693	94,298
Additions during the year	1,536	-	1,536
Schemes completed during the year	11,196	-	11,196
	<u>106,337</u>	<u>693</u>	<u>107,030</u>
Less: Disposals	(3)	-	(3)
Balance at 31 March 2020	<u>106,334</u>	<u>693</u>	<u>107,027</u>
Accumulated Depreciation			
Balance at 1 April 2019	29,409	81	29,490
Charge for the year	1,899	17	1,916
Less: Disposals	(3)	-	(3)
Balance at 31 March 2020	<u>31,305</u>	<u>98</u>	<u>31,403</u>
<b>Net Book Value at 31 March 2020</b>	<b><u>75,029</u></b>	<b><u>595</u></b>	<b><u>75,624</u></b>
<b>Net Book Value at 31 March 2019</b>	<b><u>64,196</u></b>	<b><u>612</u></b>	<b><u>64,808</u></b>

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

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

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

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

## 15. PROPERTY SCHEMES IN PROGRESS

	GROUP		PARENT	
	2020 £000	2019 £000	2020 £000	2019 £000
Balance at 1 April 2019	10,456	7,193	9,055	3,519
Additions during the year	9,679	8,253	9,614	6,480
Property schemes capitalised during the year	(13,725)	(4,684)	(12,733)	(638)
Scheme's revenue expenditure	(3,953)	(306)	(3,777)	(306)
<b>Balance at 31 March 2020</b>	<b>2,457</b>	<b>10,456</b>	<b>2,159</b>	<b>9,055</b>

## 16. MOTOR VEHICLES AND EQUIPMENT

GROUP	Motor Vehicles	Equipment	Total
	£000	£000	£000
Cost			
Balance at 1 April 2019	1,147	4,142	5,289
Additions during the year	114	391	505
Disposals	-	(72)	(72)
Balance at 31 March 2020	1,261	4,461	5,722
Accumulated Depreciation			
Balance at 1 April 2019	997	3,296	4,293
Charge for the year	127	570	697
Disposals	-	-	-
Balance at 31 March 2020	1,124	3,866	4,990
<b>Net Book Value at 31 March 2020</b>	<b>137</b>	<b>595</b>	<b>732</b>
<b>Net Book Value at 31 March 2019</b>	<b>150</b>	<b>846</b>	<b>996</b>



<b>PARENT</b>	<b>Motor Vehicles £000</b>	<b>Equipment £000</b>	<b>Total £000</b>
Cost			
Balance at 1 April 2019	1,110	-	1,110
Additions during the year	109	-	109
Disposals	-	-	-
<b>Balance at 31 March 2020</b>	<b>1,219</b>	<b>-</b>	<b>1,219</b>
Accumulated Depreciation			
Balance at 1 April 2019	954	-	954
Charge for the year	127	-	127
Disposals	-	-	-
<b>Balance at 31 March 2020</b>	<b>1,081</b>	<b>-</b>	<b>1,081</b>
<b>Net Book Value at 31 March 2020</b>	<b>138</b>	<b>-</b>	<b>138</b>
<b>Net Book Value at 31 March 2019</b>	<b>156</b>	<b>-</b>	<b>156</b>

## 17. FIXED ASSET INVESTMENTS

<b>GROUP AND PARENT</b>	<b>Unlisted £000</b>	<b>Units in CIF 1 £000</b>	<b>Units in CIF 2</b>	<b>Total £000</b>
Cost/Market Value at 1 April 2019	5	3,160	104,478	107,643
Additions	-	-	-	-
Unrealised Gains/(Losses) on investments	-	(293)	(8,311)	(8,604)
<b>Cost/Market Value at 31 March 2020</b>	<b>5</b>	<b>2,867</b>	<b>96,167</b>	<b>99,039</b>

At 31 March 2020, units held in The Salvation Army Common Investment Fund No 1 had a unit value of £2.1236 (2019: £2.3406).

At 31 March 2020, units held in The Salvation Army Common Investment Fund No 2 had a unit value of £2.8177 (2019: £3.0773).

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

## INVESTMENT PROPERTIES

	GROUP	
	2020 £000	2019 £000
Balance at 1 April 2020	29,000	26,500
Additions during the year	25	1,547
Property revaluation adjustment - increase in value	975	953
Investment property valuation at year end	30,000	29,000
Fixed Assets Investments	99,039	107,643
<b>Total Investments</b>	<b>129,039</b>	<b>136,643</b>

This property at Waterloo, London is used for student accommodation. The revaluation undertaken by Savills, professional external valuers, at 31 March 2020 has resulted in an increase in the property valuation, and this increase has been recognised through the revaluation reserve for investment properties. This valuation has been carried out on the basis of 'material valuation uncertainty' in light of the Covid-19 situation. The valuer further recommends that given the unknown future impact that Covid-19 might have on the real estate market, this property should be subject to frequent review.

## COVID-19

The Salvation Army Social Work 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 the level pre pandemic.

## 18. DEBTORS AND PREPAYMENTS

	GROUP		PARENT	
	2020 £000	2019 £000	2020 £000	2019 £000
Accommodation charges outstanding	2,385	2,850	2,192	2,287
Sundry debtors and accrued income	13,149	13,770	11,303	12,149
Connected Salvation Army Trusts and Companies	-	-	-	-
	<b>15,534</b>	<b>16,620</b>	<b>13,495</b>	<b>14,436</b>

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

	GROUP		PARENT	
	2020 £000	2019 £000	2020 £000	2019 £000
Trade creditors and accruals	14,389	12,886	11,524	9,633
Deferred Income	5,963	3,298	3,708	254
Tax and Social Security	4,401	3,031	4,401	3,031
Connected Salvation Army Trusts and Companies	6,827	839	6,827	839
Multi-Employer Pension Scheme	-	-	-	-
Bank Loans repayable within one year (Note 19(b))	1,552	1,592	-	-
	<b>33,132</b>	<b>21,646</b>	<b>26,460</b>	<b>13,757</b>

Deferred income in the parent's accounts reflects sums arising under Supporting People contracts.

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

	GROUP		PARENT	
	2020 £000	2019 £000	2020 £000	2019 £000
Multi-Employer Pension Scheme (note 12(d))	142	172	-	-
Recycled Social Housing Grant	1,618	1,753	-	-
Loans repayable between 1 & 2 years	1,561	1,550	-	-
Loans repayable between 3 to 5 years	11,108	10,325	-	-
Over five years	17,283	20,035	-	-
	<b>31,712</b>	<b>33,835</b>	-	-

Housing loans from private sources are secured by charges on saha specific housing properties and are repayable at varying rates of interest between 1.45% and 11.50%.

## 20. OPERATING LEASES

	GROUP		PARENT	
	2020 £000	2019 £000	2020 £000	2019 £000
The Group has future minimum lease commitments of:				
Land and Buildings				
Within one year	234	316	-	-
One to five years	316	518	-	-
Over five years	62	129	-	-
	<b>612</b>	<b>963</b>	-	-

	GROUP		PARENT	
	2020 £000	2019 £000	2020 £000	2019 £000
Other operating leases				
Within one year	298	222	-	-
One to five years	124	57	-	-
Over five years	23	13	-	-
	<b>445</b>	<b>292</b>	-	-

## 21. ENDOWMENTS

GROUP AND PARENT	Balance 1 April 2019 £000	New Funds Received £000	Changes in Market Value of Investments £000	Transfers £000	Balance 31 March 2020 £000
Expendable Endowment Xenia Field Capital Fund	12,249	-	(974)	-	11,275
Permanent Endowments					
H.M. Brant	20	-	-	-	20
J.B. Crighton	107	-	(11)	-	96
Miss M.B. Hill	35	-	-	-	35
C.J. and E.J. Melbourne	79	-	-	-	79
Blackmore Mission	1	-	-	-	1
M.J. Fowler	16	-	-	-	16
R. Pattison	14	-	-	-	14
Leeds Guardian Homes Trust	14	-	-	-	14
E.S. Brant Trust	1,112	-	(103)	-	1,009
Birmingham Girls Trust	170	-	(16)	-	154
	1,568	-	(130)	-	1,438
	<b>13,817</b>	-	<b>(1,104)</b>	-	<b>12,713</b>

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

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

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

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

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

31 March 2019

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

## 22. RESTRICTED FUNDS

GROUP	Balance 1 April 2019 £000	Income and Movement in Market Value of Investments £000	Expenditure and Actuarial Movement on Defined Benefit Pension Scheme £000	Transfers From/(to) Unrestricted Reserves £000	Transfers between Restricted Funds £000	Balance 31 March 2020 £000
Social Work Fund	64,808	3	(1,916)	12,729	-	75,624
Other Restricted Funds						
Social Work projects including property funding	46,408	6,031	(13,505)	639	-	39,573
saha operations - property purposes	123,165	27,372	(25,583)	-	-	124,954
	169,573	33,403	(39,088)	639	-	164,527
	<b>234,381</b>	<b>33,406</b>	<b>(41,004)</b>	<b>13,368</b>	<b>-</b>	<b>240,151</b>

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

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

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

Transfers between funds arise from property transactions, because all funds expended on property assets are reflected as restricted funds, net of funding of homeless and older people's services centres from legacy funds.

<b>PARENT</b>	<b>Balance 1 April 2019</b>	<b>Income and Movement in Market Value of Investments</b>	<b>Expenditure</b>	<b>Transfers From/(to) Unrestricted Reserves</b>	<b>Transfers between Restricted Funds</b>	<b>Balance 31 March 2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Social Work Fund						
Funding of properties for charitable purposes	64,808	3	(1,916)	12,729	-	75,624
Other Restricted Funds						
Social Work projects including property funding	46,408	6,031	(13,505)	639	-	39,573
	<b>111,216</b>	<b>6,034</b>	<b>(15,421)</b>	<b>13,368</b>	<b>-</b>	<b>115,197</b>

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

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

### 31 March 2019

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



31 March 2019

**PARENT**

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

**23. UNRESTRICTED FUNDS**

**GROUP AND PARENT**

	Balance 1 April 2019	Income and Movement in Market Value of Investments	Expenditure	Transfers From/(to) Restricted Reserves	Transfers between Unrestricted Funds	Balance 31 March 2020
	£000	£000	£000	£000	£000	£000
General Reserves	10,125	127,851	(125,889)	(3,890)	-	8,197
Unrealised Investment Gains	51,440	(7,353)	-	-	-	44,087
	<b>61,565</b>	<b>120,498</b>	<b>(125,889)</b>	<b>(3,890)</b>	<b>-</b>	<b>52,284</b>
Designated Reserves						
Property Purposes	18,759	-	(138)	(8,990)	-	9,631
Vehicles	1,954	2	-	(488)	-	1,468
Social Work projects	1,551	-	-	-	-	1,551
	<b>22,264</b>	<b>2</b>	<b>(138)</b>	<b>(9,478)</b>	<b>-</b>	<b>12,650</b>
	<b>83,829</b>	<b>120,500</b>	<b>(126,027)</b>	<b>(13,368)</b>	<b>-</b>	<b>64,934</b>

The General Reserve is required to fund the day-to-day needs of The Salvation Army Social Work Trust. Unrestricted Funds include designated reserves which have been set aside by the Trustee for specific purposes.

31 March 2019  
GROUP AND PARENT

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

24. ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP	Endowment Funds	Social Work Fund	Other Restricted Funds	Unrestricted Reserves	Total
	£000	£000	£000	£000	£000
Fixed Assets					
Properties	-	75,624	123,309	-	198,933
Property schemes in progress	-	-	2,457	-	2,457
Motor vehicles and equipment	-	-	594	138	732
Investments	12,713	-	31,681	84,645	129,039
Current Assets less Liabilities	-	-	6,486	(19,849)	(13,363)
<b>Total Net Assets</b>	<b>12,713</b>	<b>75,624</b>	<b>164,527</b>	<b>64,934</b>	<b>317,798</b>
PARENT					
Fixed Assets					
Properties	-	75,624	-	-	75,624
Property schemes in progress	-	-	2,159	-	2,159
Motor vehicles and equipment	-	-	-	138	138
Investments	12,713	-	1,681	84,645	99,039
Net Current Assets	-	-	35,733	(19,849)	15,884
<b>Total Net Assets</b>	<b>12,713</b>	<b>75,624</b>	<b>39,573</b>	<b>64,934</b>	<b>192,844</b>

31 March 2019

GROUP	Endowment Funds	Social Work Fund	Other Restricted Funds	Unrestricted Reserves	Total
	£000	£000	£000	£000	£000
Fixed Assets					
Properties	-	64,808	125,961	-	190,769
Property schemes in progress	-	-	10,456	-	10,456
Motor vehicles and equipment	-	-	840	156	996
Investments	13,817	-	29,000	93,826	136,643
Current Assets less Liabilities	-	-	3,316	(10,153)	(6,837)
<b>Total Net Assets</b>	<b>13,817</b>	<b>64,808</b>	<b>169,573</b>	<b>83,829</b>	<b>332,027</b>
<b>PARENT</b>	<b>Endowment Funds</b>	<b>Social Work Fund</b>	<b>Other Restricted Funds</b>	<b>Unrestricted Reserves</b>	<b>Total</b>
	£000	£000	£000	£000	£000
Fixed Assets					
Properties	-	64,808	-	-	64,808
Property schemes in progress	-	-	9,055	-	9,055
Motor vehicles and equipment	-	-	-	156	156
Investments	13,817	-	-	93,826	107,643
Net Current Assets	-	-	37,353	(10,153)	27,200
<b>Total Net Assets</b>	<b>13,817</b>	<b>64,808</b>	<b>46,408</b>	<b>83,829</b>	<b>208,862</b>

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

	2020 £000	2019 £000
Net income/(expenditure)	(14,229)	(4,187)
Unrealised loss/(gain) on investments	7,628	(7,507)
Realised (gain) on disposal of properties	(3)	(298)
Depreciation of motor vehicles and equipment	697	1,201
Depreciation of properties	7,177	5,189
Investment and rental income	(2,741)	(2,618)
(Profit) on sale of motor vehicles	(2)	-
Increase in stocks	-	(29)
(Increase)/Decrease in debtors	1,086	(175)
Schemes in progress written off	3,953	306
Increase/(Decrease) in creditors	11,362	3,004
Increase/(Decrease) in Defined Benefit pension scheme liability	(3,026)	5,048
Interest payable	1,249	1,416
<b>Net inflow/(outflow) from operating activities</b>	<b>13,151</b>	<b>1,350</b>

## 26. CAPITAL COMMITMENTS

At the balance sheet date, commitments made by The Salvation Army Social Work Trust Group in relation to the construction or refurbishment of property amounted to £2.951m (2019: £14.910m).

## 27. RELATED PARTY TRANSACTIONS

During the current year grants totalling £16.0m (2019: £19.6m) were received from The Salvation Army Trust. An overhead recharge (2019 also included a recharge for fundraising and publicity) was charged from The Salvation Army Trust during the year, representing the Social Work Trust's share of central overhead costs which were incurred by The Salvation Army Trust. In addition, recharges were charged to The Salvation Army Social Work Trust for hire of rooms at corps premises.

The brother of Lieut-Colonel Mike Caffull was until January 2020 a director of The Salvation Army Trustee Company, and 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 Social Work Trust.

## 28. CONTINGENCIES

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

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

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

## 29. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITY FOR THE YEAR ENDED 31 MARCH 2019

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



Charity Registration No: 215174 Scottish Charity Registration No: SC037691

[www.salvationarmy.org.uk](http://www.salvationarmy.org.uk)