



**The Salvation Army United Kingdom and Ireland Territory
The Salvation Army Social Work Trust
Report and Financial Statements for the United
Kingdom in the year ended 31 March 2021**

Charity Registration No: 215174 Scottish Charity Registration No: SC037691

Principal Office

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INTRODUCTION FROM THE TERRITORIAL COMMANDER



Commissioner Anthony Cotterill

Right from its earliest days as a Christian church with a social mission, The Salvation Army has been in the front line against the greatest evils that affect our society, including poverty, unemployment, homelessness and drugs. **Never has that been truer than in the past year, when the lives and livelihoods of so many people were devastated by the coronavirus.**

In so many ways, we were tested to the limit, but with God's help we rose to the challenge, working harder and more effectively than ever before. That we were able to do so is down to the energy and commitment of our officers, staff and volunteers across the Territory. But it is also due to the unique way The Salvation Army works.

Our local churches and centres were flexible and agile enough to respond to the needs of their own communities. At the same time, our specialist services - Lifehouses, employment services, debt advice services and many more - offered highly effective solutions to complex problems, delivered by skilled, professional staff. This report focuses mainly on these specialist services and the vital contribution they made to people's lives.

At a time when so many business and public services were shutting down because of the pandemic and lockdowns, we were determined that this wouldn't happen to our social services, precisely when they were needed more than ever. And yet we were not just satisfied to 'keep calm and carry on'. We seized the opportunities to do more for people who were homeless, jobless and isolated by the lockdown, transforming and modernising our services where necessary.

We innovated and expanded our services in very many ways. To give just a few examples: there were new initiatives to help bring homeless people in off the streets; more services to support victims of modern slavery; and much-needed new programmes to protect the mental health of vulnerable young people. We were also a persistent and forceful advocate for the needs of vulnerable people in our discussions with the Government.

In the messages I write for our annual reports, I always like to give my thanks to all the people who make our work possible - our devoted officers, staff members and volunteers; and everyone who supports our work. This year I do so with particular warmth. Faced with an emergency like no other, everyone in the Salvation Army 'family' gave their time and effort unsparingly to serve others. I would also like to give special thanks to our donors and partners for their wonderful support at such a difficult time.

Last year we saw The Salvation Army at its very best. Thank you and God bless you for helping us rise to the challenge.

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

Commissioner Anthony Cotterill
Territorial Commander of The Salvation Army in the United Kingdom and Ireland

OUR VISION, MISSION & VALUES

Our Vision and Mission statements were explored and restated during 2020/2021 to reaffirm our sense of purpose and direction for the territory.

Vision statement:

Our Vision:
Fullness of life
for *all* with Jesus

Mission statement:

Our Mission:
To *share* the good news
To *serve* others without discrimination
To *nurture* disciples of Jesus
To *care* for creation
To *seek* justice and reconciliation

Our values:

Boldness - We will courageously and confidently share the good news, seek justice and reconciliation, nurture disciples of Jesus, serve others without discrimination, care for creation.

Compassion - We will serve with the unconditional love and grace of God as the pattern for our behaviour.

Passion - We will bring our best selves, our God given energies and convictions to our work, service and learning, whether as officers, members, employees or volunteers.

Respect - We will receive each person with the dignity of those created in the image of God, while seeking the transformation God.

Integrity - We will be honest and transparent in all our dealings with each other and those we serve, being open about our motives and agendas.

Mutual accountability - We will willingly and freely give full account for our actions to those we interact with and expect the same in return.

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

OUR ORGANISATION

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

EXPLAINING OUR STRATEGY, STRUCTURE AND OPERATION

The Salvation Army Social Work Trust is the charity registration through which we operate our centrally coordinated (i.e. not church or community centre based) programmes of support for people experiencing homelessness, older people in our care homes, our addictions services and our delivery of support for the victims of modern slavery and human trafficking, and other specialised forms of support.

The Salvation Army Trust, whose report and accounts form a ‘sister’ publication to this outline the church life of The Salvation Army and the community-based programmes of engagement and support that are delivered through our corps (churches) and community centres.

Summary of what The Salvation Army Social Work Trust does

- We provide single people and families who are experiencing homelessness 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.
- We strive to achieve our vision of ‘fullness of life for all with Jesus’ in everything we do through five mission priorities: share the good news, serve others without discrimination, nurture disciples of Jesus, care for creation, seek justice and reconciliation. Operationally, we are prioritising transformation, integration and streamlining to increase our effectiveness and impact.

The scale of the work of The Salvation Army Social Work Trust in the UK

12 Care Homes for Older People

Belfast: The Sir Samuel Kelly Memorial Home (accommodation (hereon acc) 39)
Buxton: The Hawthorns (acc 34)
Coventry: Youell Court (acc 40)
Edinburgh: Davidson House (acc 40), Eagle Lodge (acc 33)
Glasgow: Eva Burrows Day Centre (places 24)
Hassocks: Villa Adastra (acc 40, plus 5-day care)
London: Glebe Court, Lewisham (acc 40)
North Walsham: Furze Hill House (acc 40)
Prestwich: Holt House (acc 31)
Sandridge: Lyndon (acc 32)
Southend-On-Sea: Bradbury Home (acc 34)
Weston-super-Mare: Dewdown House (acc 40)

8 Centres for Families (Residential)

Belfast: Glen Alva (acc family units 20, max 77 residents),
Belfast: Grosvenor House (acc family units 19, max 76 residents),
Belfast: Thorndale Parenting Assessment (7 family units)
Belfast: Thorndale Family Centre (acc family units 34, single bedsits 4, max 125 residents)
Fleetwood: George Williams House (acc family units 9, max 36 residents)
Portsmouth: Catherine Booth House (acc family units 21, max 40 residents),
Portsmouth: St Paul's House (acc family units 14, max 56 residents),
Portsmouth: St Monica's House (acc family units 10, max 40 residents)

2 Centres for People with Learning Disabilities

Kilbirnie: George Steven Centre
Liverpool: Strawberry Field

Centre for Employment and Training

Hadleigh: Hadleigh Farm Estate

42 Centres for Single Homeless (Adults)

Belfast: Centenary House and Calder Fountain (acc direct access 120)
Birmingham: William Booth Centre (acc 74)
Blackburn: Bramwell House (acc 55)
Bradford: The Orchard (acc 42)
Braintree: New Direction Centre (acc 14)
Bristol: Logos House (acc 69)
Cardiff: Tŷ Gobaith (acc 78)
Coventry: Harnall (acc 80), The Gateway (60)
Dundee: Strathmore Lodge (acc 25), Burnside Mill (acc 20)
Edinburgh: The Pleasance (acc 37)
Glasgow: Eva Burrows 1st Stop Project (acc 40), Hamilton, Housing First,
Huntershill Court (acc 10), Wallace of Campsie House (acc 52), William Hunter House (acc 43)

Grimsby: The Booth Lifehouse (acc 35)
Hull: William Booth House (acc 113)
Huntingdon: Kings Ripton Court (acc 36)
Ipswich: Lyndon House (acc 39)
Liverpool: Ann Fowler House (acc 38), Darbyshire House (acc 45)
London: Cambria House (acc 48), Founders House (acc 110), Riverside Complex (acc 50)
Manchester: Discovery House (acc 10), Endeavour House (acc 15), Independence House (acc 15)
Perth: Skinnergate (acc 30)
Plymouth: Devonport House and Zion House (acc 72)
Reading: Shepton House, Willow House (acc 38)
Ryde: Fellowship House (acc 27)
St Helens: Salisbury House (acc 68)
Salford: Abbot Lodge (acc 20)
Sheffield: Charter Row (acc 56), Lincoln Court (acc 15 self-contained units)
Skegness: Witham Lodge
Southampton: The Booth Centre (acc 46)
Stoke-on-Trent: Vale St (acc 60)
Sunderland: Swan Lodge (acc 65)
Swindon: Booth House (acc 50)
Warrington: James Lee House (acc 54)

4 Centres for Single Homeless (Young People)

Accrington: Crossroads (acc 11)
Cardiff: Northlands (acc 26)
Fleetwood: George Williams House (acc 6)
London: Springfield Lodge (acc 40)

4 Homelessness Day Care/Drop In

Bradford: Day Centre
Edinburgh: Niddry Street
London: No 10 Project
Norwich: Pottergate Arc

4 Housing First Programmes

Cardiff
Glasgow
Hamilton
Merthyr Tydfil

5 Non-Residential Homelessness Services

Aberdeenshire Floating Support
Cardiff Bus Project
Cardiff Floating Support
EIP York
Inverness Floating Support

6 Drug and Alcohol Services (Scotland)

Aberdeen

Falkirk

Glasgow

Greenock

Inverness

Stirling

Our Employment Plus programmes engaged with over 7,500 people, supporting them, coaching them and helping them into work across the UK.

How We Work

While The Salvation Army is not unique as a provider of centrally coordinated 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, experiencing homelessness, social isolation or poverty and recovery from slavery; it also strives to address the reasons that cause these situations, with a view to effecting 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 services and our locally co-ordinated churches and community centres which are all playing their part to bring about positive change. When this really comes together, as it does in many places across the UK, it models what we call 'integrated mission'.

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 support, wellbeing and training services being met from a grant 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 needs of people we serve. That is why in addition to statutory funding we are committed to deploying Salvation Army funds to provide the best possible additional support 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 facilities - such as HR, finance, property, IT, PR and media support. This approach enables us to be efficient and effective in the use of resources.

Work has been ongoing in recent years to improve the quality of headquarters support to local units while ensuring cost efficiency and sustainability. This is led by the Structure Coordination and Design Project which is focused on three desired outcomes:

- **Transformation:** Increase the capacity of locally based Salvation Army work to contribute to the five mission priorities (share the good news; nurture disciples of Jesus; care for creation; serve others without discrimination; seek justice and reconciliation).
- **Integration:** Build strong and effective collaboration between all aspects of Salvation Army work in a geographical area.
- **Streamlining:** Design appropriate, effective, efficient and sustainable structures and processes that enable local mission to flourish.

This project is complex and is seeking gradual change over the next couple of years.

This report illustrates just some of the developments we have implemented in the last year, in the context of a terrible pandemic, 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.

2020/2021: A YEAR IN REVIEW - HIGHLIGHTS, ACHIEVEMENTS, DELIVERY AND IMPACT

In the early months of 2020, a tiny virus transformed the world completely. As the coronavirus pandemic spread to the UK and Ireland, it brought sickness, economic devastation, unemployment and poverty. It also brought loneliness, as many people became isolated in their own homes.

Never has The Salvation Army's 'can-do' spirit been needed more. As a church and charity that is rooted in hundreds of communities and with a substantial, centrally managed and coordinated base of residential centres and contracted operations, we were right in the front line of the crisis - and we responded immediately to people's needs, doing what needed to be done. This report highlights the way in which The Salvation Army responded to this crisis through The Salvation Army Social Work Trust.

A SAFE PLACE AND A FRESH START FOR HOMELESS PEOPLE

■ **Lifeshouses and the pandemic.** The pandemic and lockdowns created a huge challenge for the staff in our Lifeshouses (residential centres for homeless people) across the UK and Ireland. Yet we stayed open and fully supported the Government's *Everybody In* initiative, increasing the capacity of our Lifeshouses to help bring vulnerable people in off the streets.

We also came to the aid of homeless people accommodated in hotels in many of our major cities, providing food parcels and emotional support to people who were temporarily housed and isolated during the lockdown.

■ **Hope after hospital.** Last year, The Salvation Army introduced a new, much-needed service to homeless people who were due to be discharged from hospital. They were offered 'step-down beds' at our St Ann's building in Westminster, which gave them a safe space to recover while also freeing up NHS beds. We provided round-the-clock care, while a specialist nurse and housing worker from Guy's and St Thomas' NHS Foundation Trust visited the patients twice a week to support them with their health needs and help them move on to longer-term housing.

Tess James, a clinical nurse specialist with Guy's and St Thomas' Homeless Health Team, said: 'Many of the patients are clinically vulnerable and are unlikely to survive sleeping rough. By giving people a safe place to live, we can continue to provide the care they need.' Patients were also signposted to legal and housing support and alcohol and drug services to help them get back on their feet and make a fresh start.

■ **Bringing rough sleepers to safety.** During the pandemic, we continued our efforts to help bring rough sleepers in from the cold and dangerous streets. The work of the York Salvation Army's Early Intervention and Prevention (EIP) team is a good example. Staff members continued to carry out regular street walks to help people experiencing homelessness find safe accommodation quickly. The EIP team also worked closely with food providers to co-ordinate deliveries to people already in emergency accommodation.

- **A safe refuge and a helping hand.** Our Pottergate Day Service for homeless people in Norwich has continued to function throughout the pandemic and has now increased its provision to 7 days a week. The needle exchange programme - vital to prevent the spread of infection - was the only one available in the city, as the other services closed during lockdown. The Salvation Army staff continued to provide an excellent service, providing takeaway meals and shower facilities.
- **A more settled future for rough sleepers.** A new service, *Hamilton 1st Stop Service*, was opened in partnership with South Lanarkshire council to provide additional, short-term but more settled accommodation for former rough sleepers previously accommodated in hotels.
- **Local initiatives.** Despite the pandemic, The Salvation Army continued to find new and innovative responses to homelessness. We secured Government funding to extend ‘floating’ support for homeless people in Bristol and Swindon; *Somewhere Safe to Stay* provision (short-term accommodation for rough sleepers) in Southampton; and outreach in the Isle of Wight. Springfield House in Milton Keynes has been awarded £5,000 for a Mental Health and Wellbeing project.
- **Client survey brings good news.** During lockdown, we carried our satisfaction survey among the users of our homelessness services - and the results were remarkably encouraging. 830 people responded, of whom 94% were satisfied or very satisfied with ‘being made to feel welcome’ into our services; 90% were satisfied or very satisfied with our Covid safety measures; and 90% with the inhouse mental health support offered to them. Our director of Homelessness Services Lorrита Johnson commented: ‘The results show what a fantastic job our frontline staff and officers have been doing over this very difficult year.’
- **Stopping the spread of disease.** Staff members at The Salvation Army’s Devonport Lifehouse (centre for homeless people) in Plymouth have been praised by the council for stopping a coronavirus outbreak among its residents. One occupant tested positive for the virus and was immediately moved to a self-contained flat to self-isolate. The flat had been deep-cleaned in advance as part of the staff’s forward planning and kept empty in case it was needed.

BREAKING THE CHAINS OF ADDICTION

- **Keeping going through the pandemic.** The Salvation Army has three specialist addiction services, as well as an array of outreach services and community services that support people with addictions. When the pandemic struck, we were determined to keep this work going, knowing how vital it was. As addiction-related deaths continued to soar (estimated to have risen by a further 30% during Covid) and austerity continued to decimate drug and alcohol agencies and support services, we were - more than ever before - in the front line of the battle against addiction.

■ **Getting to the roots of addiction.** The Salvation Army has developed a distinctive approach to helping people break the grip of addiction - focusing less on *‘What’s wrong with...?’* and more on *‘What’s happened to...?’* In other words, we aim to address the root causes of addiction. We believe in each and every person’s unique strengths, character, and capacity to thrive given the right circumstances. - and we support our service users as they overcome their problems and move on with their lives. The work of our Addictions Development Team has also helped us to embed a culture of harm reduction in all our Lifehouses, day centres, outreach and other services - helping people stay as safe as possible and minimise risks to themselves and others.

■ **Core Recovery:** - a spiritual journey from addiction to recovery. For many people, the journey towards recovery from addiction is at least partly a spiritual journey. That is why we have introduced a programme called Core Recovery into our addiction services. Booth House Lifehouse in Swindon is one of the Salvation Army services that has introduced Core Recovery Church in the last year. ‘The distinctive thing about our church is that it is interactive,’ explains chaplain Captain Brian Ward. ‘Most of the congregation are people who are in recovery from addictions. I deliver Christianity in a way the congregation can understand so that church can be accessible.

‘What we try to emphasise are that we’re not going to judge anyone, regardless of where they’ve been and what they’ve done, and that we’re going to journey with them,’ explains Brian. ‘It’s natural for people to seek God because it’s part of their spiritual DNA. So, it’s about recognising that and helping people understand what that means for their personal journey.’

IN THE FRONTLINE AGAINST MODERN SLAVERY

■ **The Salvation Army wins new victim care contract.** In the year under review, The Salvation Army was awarded the Government’s new Modern Slavery Victim Care Contract to manage the support of adult victims of modern slavery in England and Wales from 2021 for at least five more years. We have held the contract since 2011 and have supported more than 10,000 adult victims of modern slavery and human trafficking since then. Under the new and extended contract, all survivors of modern slavery referred in England and Wales will now be entitled to receive support from The Salvation Army at all stages of their recovery. That includes a safe place to stay as well as a support worker to help them access the help they require.

Commissioner Anthony Cotterill, leader of The Salvation Army in the United Kingdom and Ireland Territory, said: ‘We are grateful for the opportunity not only to continue to serve these most vulnerable people but to extend the support available to them at all stages of their recovery.’

■ **More British victims.** Figures published in October 2020 revealed that The Salvation Army supported 79% more British slavery survivors in that year than in the previous year. The figures suggest that, although most of the victims of modern slavery are people who have been trafficked from abroad, more British people are falling victim to this form of cruel exploitation. Of the 243 British victims we helped last year, 111 were coerced into crime, 70 were victims of forced labour, 46 were forced into sexual exploitation, and nine were trapped in domestic servitude. Alarming, 40% of the people who came to us for help were young people, aged between 18 and 25.

Overall, 2,662 people entered The Salvation Army's network of safe houses and outreach work between July 2020 and June 2021 - this is slightly more than the previous year despite the potential impact of restrictions to businesses, travel and opportunities to spot signs of slavery in the light of COVID-19.

■ **Call for vigilance.** The Salvation Army called for members of the public to be 'vigilant' in spotting the signs of modern slavery. This followed a fall in the number of suspected modern slavery victims at the start of the lockdown, which is probably due to a decrease in opportunities for identifying victims, rather than a decrease in exploitation.

Our director of Anti-Trafficking and Modern Slavery, Major Kathy Betteridge said: 'Our pressing concern is that slave masters are discarding people who they had been forcing to work in places like restaurants, hotels and car washes and that these people may not know what help is available. We would encourage anyone in this position to call The Salvation Army. We are also calling on the public to be vigilant in spotting the signs of people trapped in slave-like conditions and to report their suspicions to the police.'

■ **Outreach work grows.** The past year saw a significant growth in our outreach work for victims of modern slavery in London and East Midlands. Our London outreach service had over 100 clients and the premises in Argyle Street became a central hub for staff and clients.

■ **Survivor support.** Our Connect programme, offering ongoing survivor support, completed its pilot programme and was extended. It offers practical and holistic support to survivors who are awaiting their decision from the authority. It aims to support people on their journey from victim to survivor and provides a range of services, including a drop-in service, participation in community events and mentoring. Connect also continued to serve its clients virtually. A donor gave a gift of smartphones for those survivors who would otherwise not be able to access online services.

■ **Prize-winning film gets the message across.** *Hidden In Plain Sight*, a Salvation Army short film made to raise awareness of modern slavery, was awarded a top prize in the Charity Film Awards. Four hundred charities entered the awards, and more than 110,000 people voted to select the winners.

■ **Anti-Slavery Day.** The Salvation Army raised awareness of modern slavery for Anti-Slavery Day (18 October 2020) by asking people to buy a special edition #WeAreNotForSale face mask. All profits from the sale of the mask went to our Victim Support Fund to help survivors of modern slavery as they start to rebuild their lives. People who bought a face mask were encouraged to take a picture of themselves wearing it and share it online with the #WeAreNotForSale hashtag.

■ **Cashless payments.** The Salvation Army donated £20,000 from its Victim Care Fund to provide cashless payment support for victims of modern slavery living in safe houses and receiving outreach support. Money for food and living expenses would normally be provided in cash to help people on their journey of recovery. In partnership with B4B payments, The Salvation Army provided a prepaid Mastercard instead so that money could be accessed in a secure, safe way.

■ **The Salvation Army teams up with the Met.** In May 2020 The Salvation Army partnered the Modern Slavery Investigation team of the Metropolitan Police in a series of raids tackling the sexual exploitation of women. Detectives made six arrests in the city of Westminster and rescued a number of women, who were offered protective care and specialist support provided by The Salvation Army. Detective Superintendent Tara McGovern said: 'The Met will continue to work with partners including The Salvation Army to combat human trafficking and modern slavery.'

■ **International anti-slavery work.** Our Anti-Trafficking and Modern Slavery team has been working across the globe with Salvation Army colleagues in Nepal, Ukraine, Russia, Poland, India, Nigeria, Ghana, Kenya, Philippines, Argentina, South Africa, Bangladesh, Tanzania and Uganda. We were able to support individuals returning to their countries of birth, who have been victims of trafficking and are now seeking to rebuild their lives.

JUST THE JOB FOR EVERYONE

■ **Personal support for jobseekers.** The pandemic brought a huge economic downturn. Firms closed or shed jobs - and finding a job was harder than ever. That's why The Salvation Army stepped up its efforts to help unemployed people find the right jobs and training for them. 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.

Colin is one of the people we have helped during the past year. He was out of work for a year and was beginning to lose hope that he would find another job. But Sally, our local employment development officer, couldn't have been more helpful. She helped him to apply for a job in a local supermarket and to prepare for the interview. He couldn't believe it when the firm contacted him and offered him the job.

Like all Employment Plus staff, Sally gives jobseekers individual, personal support so they can find the right career for them. She also supports them emotionally, at a time when their self-esteem may be at a low ebb - encouraging them to believe in themselves and what they have to offer. Very often that can make all the difference.

■ **A step on the ladder for jobless young people.** The Salvation Army has offered young people the chance to work for us as part of the Government's *Kickstart* scheme. *Kickstart* funds six-month job placements for people aged 16 to 24 who are at risk of being unemployed long-term. As youth unemployment became a serious concern in this country, we responded by offering 84 placements, fully funded by the Government, in a variety of Salvation Army services. A wide range of fulfilling roles were made available to young people, ranging from catering staff and gardeners to marketing assistants and activities co-ordinators.

■ **Apprenticeships open doors for jobseekers.** The Salvation Army is among the major organisations in this country who recruit new employees as apprentices and give them training to develop the skills and knowledge for a rewarding career. In the past two years The Salvation Army enrolled more than 90 people on apprenticeship programmes across a variety of services. They included older people's services, homelessness services, health and social care, early years education, and line management. The training is delivered by approved external providers, colleges and universities.

CHALLENGING DISABILITY

■ **Hadleigh Farm trainees keep on learning in lockdown.** Adults with additional support needs and their carers continued to find help, advice and life-skills training from The Salvation Army's Hadleigh training centre, even when it closed during the pandemic. Staff members adapted training programmes so that the centre's 150 trainees didn't miss out on vital learning and support for their well-being during lockdown.

Hadleigh estate director Ciaran Egan explained: 'We contact our trainees at least once a week to check on their welfare. We personally deliver a different practical activity each week for them to complete. This has included hanging baskets, cupcake baking and sanding activities. Each activity is matched to a YouTube tutorial and a set of easy-to-read instructions.' The centre also offered online electronic activities, along with scavenger hunts, word searches and recipes to use at home.

■ **Strawberry Field trainees work from home.** At our Strawberry Field training centre in Liverpool, the Steps to Work programme helps young adults aged 18 to 25 with learning disabilities to gain the skills they need to find employment. However, it was apparent right from the start of lockdown that the programme would have to change because of the new restrictions.

Within the first two weeks of social distancing, a whole series of online activities was planned to keep the trainees motivated. They included virtual exercise and sharing happy memories. The popularity of online 'keeping in touch' sessions helped us to move on to Steps from Home, a programme of online training. Each day the trainees were invited to log on to Zoom and spend up to an hour with each other and the Steps to Work training professionals.

■ **Strawberry Field's story - told in pictures.** Mike McCartney (better known as Mike McGear), the younger brother of Sir Paul McCartney, has documented the progress of our Strawberry Field site in Liverpool since the demolition of the 1970s building to the development of our new training centre there. He has done this by creating a collection of fascinating photos, a selection of which have been exhibited at the Strawberry Field visitor centre. They will also be published in a book.

The exhibition covers the interwoven stories of The Salvation Army, the children's home that was previously on the site, John Lennon's childhood and the writing of the famous Beatles song *Strawberry Fields Forever*. It also offers never-before-seen insights into the redevelopment of the site into the inspiring training centre for young people with learning disabilities, which is currently changing so many young lives.

A FULLER LIFE FOR OLDER PEOPLE

■ **Singing with joy.** The Salvation Army in Wrexham helped people with dementia by hosting virtual singing sessions throughout the pandemic. Like many Salvation Army churches, our church in Wrexham runs a range of dementia-friendly activities, including our monthly *Singing By Heart*. This had to close during the lockdown, but we decided to continue supporting these vulnerable people by delivering the sessions online.

Karen, our community manager in Wrexham, says: 'The people who used to attend our sessions really missed them when they closed. So, we applied for grants to buy new equipment, so we could take *Singing By Heart* into local care homes. The songs definitely ignite memories for people, which they love to share. It's wonderful that our centre is once again filled with joy and laughter.'

■ **Spiritual comfort for older people.** In addition to the work that our local churches did to support lonely and isolated older people through the pandemic, The Salvation Army launched a dedicated programme called *Silver Linings* on our Facebook page. This is an ongoing series of daily devotionals that started in March 2020. These are biblical reflections aimed at older people. Two Zoom 'conversation' events to celebrate the International Day of Older People focused on Ageing Well and Spiritual Health.

Our ministry partnership with Faith in Later Life also introduced *Daily Hope*, telephone line offering music, devotionals, scriptures and prayers via a freephone number. In the first six months it received 250,000 calls.

■ **Coronavirus safety.** The Salvation Army care home in Prestwich, Greater Manchester, was praised in a report by the Care Quality Commission for its efforts to keep residents, staff members and visitors safe during the pandemic. Inspectors commended the care home for its purpose-built, enclosed and sealed visitor pod that provided a complete barrier between visitors and residents and could only be accessed by visitors from the garden. The report added that 'people were kept as safe as possible by a new zoning rota system which promoted social distancing'. A number of other homes also remained coronavirus-free due to outstanding infection control and actively minimising the risk to our residents.

OPENING DOORS FOR CHILDREN AND YOUNG PEOPLE

■ **Online resources to inspire young people.** In the past year, The Salvation Army has developed a range of online resources to keep young people, raise their spirits, safeguard their mental health and deepen their spiritual understanding. They include *Upbeat* and *Made To Be*, two resources for boys and girls respectively to build help them build emotional resilience. We also introduced *Inside Out*, a resource to enable young people to get into the Bible and apply it to their lives today - in conjunction with which we also distributed 1,300 Youth Bibles. A special promotion called *Young Volunteers* aimed at encouraging young people to volunteer in charity shops in the school holidays.

■ **A step on the ladder for jobless young people.** The Salvation Army has offered young people the chance to work for us as part of the Government's *Kickstart* scheme. *Kickstart* funds six-month job placements for people aged 16 to 24 who are at risk of being unemployed long-term. As youth unemployment became a serious concern in this country, we responded by offering placements in a variety of Salvation Army services. A wide range of fulfilling roles were made available to young people, ranging from catering staff and gardeners to marketing assistants and activities co-ordinators.

■ **Coping emotionally in the pandemic.** The Salvation Army's Southwark Young People's Service in London (formerly Springfield Lodge Lifehouse) faced a huge challenge due to the pandemic. The Service performs a vital role as a resettlement service providing accommodation and support for young people. The young people here have experienced poverty, poor education and gang culture and need a fresh start with a highly trained team of staff to motivate them and support them. However, with so many of our support services locked down, we had to rethink how we worked.

Support workers continued to hold their regular key work sessions and one-to-one support sessions, often by telephone. Due to many of our young people not being in college or not working during the lockdown (many of them work in hospitality) staff had to coach them in how to be happy in their own company and look after their own mental health. They were difficult times, but for young people and staff alike, the important thing was to know that we were there for each other.

■ **Going the extra mile for homeless young people.** The pandemic has been a difficult time for homeless young people, so The Salvation Army has gone the extra mile to help them. 'For a young person who's been homeless, moving to new accommodation can be worrying - and during lockdown there was an added level of anxiety,' says Sally, who works for the Cardiff Young Persons Supported Accommodation Partnership, led by The Salvation Army. 'Despite the challenges of social distancing, our team have worked at full capacity to help young people settle in and start making plans for the future.'

She adds: 'It's been a tough time, but the staff came up with some great ways to boost morale. We organised a social distancing pizza night and film evenings with safely spaced chairs. We also used social media to contact young people who are already living in their own home to check on their wellbeing. We made sure that they had food every day - and, very importantly, that they didn't get lonely during lockdown.'

HELPING PEOPLE FIND THEIR WAY OUT OF DEBT

■ **Easing the burden of pandemic poverty.** The Salvation Army's Financial Inclusion Service continued all through the pandemic to support people burdened by debt. The service manager Lorraine Cook says: 'For the people we were already helping, our aim was to support them so that they would continue making payments to their creditors and would not run up extra debt. There were also many new clients needing our help.'

During the pandemic, our debt advice centres saw requests for help increase by 28% as pandemic poverty took hold of many vulnerable households. Lorraine says: 'It's not just people who have lost jobs. Nearly a fifth of those who got in touch with us cited low income as the main cause of their debt.'

■ **Keeping it personal.** Our debt advice service is normally face-to-face, so we had to adapt it during lockdown so that we could provide an online service. We contacted people using whatever technology is available, which might be been a video call using WhatsApp or a telephone call. Nonetheless, service manager Lorraine Cook emphasises that debt advice is a person-to-person service which helps people in a holistic way.

Lorraine says: 'Managing debt is more than just a repayment plan. The mental strain of being unable to pay basic bills is often overlooked, and it's part of our job to address this. We can provide people with the food parcels they need to manage while we look for longer-term solutions. We maintain a relationship with each individual throughout their journey, linking them up with their local Salvation Army for ongoing emotional support and companionship.'

■ **Nadine's story.** Our Devon and Cornwall Debt Advisor, Nadine, told us about a case that moved her: 'A man in his 60s came to us having been made redundant after 40 years in employment and he was living on the breadline. He couldn't afford food, wasn't able to pay for basic bills and was facing the prospect of living in his car as he was unable to pay for rent.'

'Thankfully we were able to intervene. We gave him a food parcel, ensured he had an energy supply and advised him on how to apply for Universal Credit and other benefits. We negotiated with the landlords, explained to him his legal rights and the processes to get help with housing. I don't know what would have happened to him if he hadn't sought our help, but nobody can survive without food and live in a car during winter'.

■ **Debt Relief Orders - call for reform.** The Salvation Army responded to the Government's consultation on debt relief orders, drawing on the knowledge and experience we have gained from our work helping people outdo debt. We welcomed the proposals to give people in debt a 60-day breathing space to get their affairs in order. However, we warned that longer-term solutions were needed to stop people facing hardship during the pandemic from building up debts.

SPEAKING UP FOR JUSTICE AND SEEKING RECONCILIATION

■ **A guiding light for our times.** In 1890 The Salvation Army's Founder William Booth wrote *In Darkest England* in which he described the social problems of the time and his own blueprint for tackling poverty and social exclusion. Now The Salvation Army has published a new book *In Darkest England: 130 Years On* showing how Booth's principles are still relevant today.

Lieut-Colonel Dean Pallant, Secretary for Communications for The Salvation Army in the UK and the Republic of Ireland, says: 'The challenges people were facing in the late 19th Century are not too different from those people are experiencing today. Pandemic Britain is concerned about rising unemployment, debt, alcohol abuse, modern forms of slavery, a lack of affordable housing and people still living on the streets. Booth's solutions are, 130 years on, still relevant and, more importantly, we know they work.'

■ **The Salvation Army warns of a poverty crisis.** Even before the pandemic, The Salvation Army was warning of a poverty crisis, as the number of people living in poverty increased. Then, when the lockdown began, and many people lost their jobs and income, the number of people claiming Universal Credit grew sharply. Yet at the time there was a five-week wait before claimants receive their first payment - and we knew that a quarter of UK households had no savings. We therefore urged the Government to rethink the waiting period, which was leaving many families and young people in desperate poverty. We called for advance payment loans to be replaced by grants. We also urged the Government to retain the temporary £20 uplift to Universal Credit.

■ **Speaking up for rough sleepers.** We warmly welcomed the Government's interim housing plan, which provided £105 million towards interim housing for rough sleepers during the pandemic. However, we warned, as this assistance was only due to last for 12 months, it could not solve the problem of rough sleeping permanently. We urged the Government to do more in the longer term to bring rough sleepers in from the streets.

During the worst of the pandemic, the number of rough sleepers fell, as the Government's *Everybody In* initiative helped to move them into temporary accommodation. However, The Salvation Army warned that the UK still faced a longer-term crisis. Our director of Homelessness Services Lorrina Johnson said: 'Getting everybody in is only part of the solution. People need support to overcome the reasons why they ended up rough sleeping in the first place. Without sustained support, our experience tells us that these vulnerable people may end up back on the streets.'

We published our own report entitled *Future-proof the Roof* setting out what we believed needed to be done to reduce homelessness. The proposals included improving data collection to assess the number of people rough sleeping and their needs, as National Audit research has shown that the Government underestimated the number of people needing temporary accommodation in the first lockdown. It also included sustained investment to build on the progress made during the pandemic; and providing a steady supply of suitable homes.

■ **Speaking up for vulnerable jobseekers.** The Salvation Army welcomed the Government's pledge to double the number of work coaches in jobcentres and offer more support for under-25s. However, we also warned that vulnerable jobseekers, such as those who lack computer skills or have mental health problems, could be locked out of the job market for years. We called for funding through the UK Shared Prosperity Fund to address the problem. The scheme is the Government's post-Brexit replacement for EU funding that supported the most deprived communities in the UK.

■ **Defending refugees.** Asylum seekers and refugees attract unwarranted criticism in some quarters. But as Christians we believe they have the right to be treated with dignity and humanity. We know that many have had no choice but to make a dangerous journey to seek safety from conflicts, persecution and violence.

We joined other churches to call on the Government to stop housing asylum seekers in military barracks but to find more suitable accommodation for them. We also joined with the *Lift the Ban* coalition of organisations in urging the Government to allow people seeking refugee status to have the right to work.

During the year, we welcomed the support of asylum seekers and refugees who volunteered to assist with our coronavirus response work. Many of them rolled their sleeves up to pack essential food parcels or cook meals for people who were going hungry.

■ **An inclusive church.** In the past year, The Salvation Army issued strong statements against discrimination on grounds of sexual orientation or gender identity, race, religion and ethnicity. In the words of our inclusion statement, The Salvation Army 'aims to be a church where everyone is welcome'.

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.

SUBSIDIARIES

The Salvation Army Social Work Trust works in harmony with its subsidiary Salvation Army Housing Association (saha). saha operates nationally in 80 local authorities across England and has five main areas of operation:

1. Agency Managed Centres (1,559 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 (1,280 homes):
saha has a range of accommodation for mainly single people; we also have flats and houses for families. Generally, residents access this accommodation through local authority waiting lists as we have nomination arrangements in place with the local authority partners.
3. Accommodation for the over-55s (293 bed spaces):
Some of saha's accommodation is specifically designed for those over the age of 55, including a scheme manager providing on-site support. In accommodation where there is no staff on site, there will be an alarm call system and other types of floating or community support available. Styles of accommodation vary from studio flats to bungalows. Many of saha's schemes have communal facilities where activities and clubs take place.
4. Directly Managed Supported Housing (476 bed spaces):
saha directly manage a number of schemes throughout England, both managing the building and delivering the day to day management and support. As with the Agency Managed schemes these support a wide range of homeless people and families. All of these schemes have 24 hour staff support, and residents engage in a range of activities to promote independence with the aim of resettlement into independent living.
5. Registered Care Homes (52 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 728 residential properties on behalf of The Salvation Army, providing a housing management service throughout the country.

MODERN SLAVERY AND ANTI HUMAN TRAFFICKING STATEMENT

As the Salvation Army in the United Kingdom and Ireland Territory we hold a zero-tolerance stance on acts of modern slavery and human trafficking and on any breach of our Ethical Policy and will not condone any such action by our contractors, suppliers or consultants. We take this issue very seriously and are committed to preventing acts of modern slavery and human trafficking from occurring within our supply chain. Our Procurement Ethical Policy is integral to all supplier contracts and sets out the overall standards surrounding human rights, child labour, discrimination, corruption, bribery or other financial impropriety, legal compliance and ethical conduct with which our suppliers must comply.

A Supplier Ethical Declaration is referenced in the standard purchase terms and conditions of The Salvation Army and compliance is a contractual requirement for all suppliers operating under these standard terms and conditions. In addition, all suppliers and contractors submitting tender responses must confirm their agreement and acceptance of the terms and conditions and sign the ethical declaration and apply these standards to their own supply chains.

Our Procurement Unit continually reviews its supply base, examining suppliers in those areas that represent the highest risk of modern slavery, particularly in spend areas relating to temporary labour, cleaning, catering, linen, branded goods and building services. Where possible trade and industry best practice standards are used as the benchmark and the Salvation Army has adopted the use of Constructionline for tendering and selecting building suppliers.

Due to the importance of training and education in the fight against modern slavery, the Procurement Unit has partnered with Stronger Together to deliver training to members of its team on identifying potential victims of modern slavery. All members of the Procurement team complete the Chartered Institute of Purchasing and Supply ethical procurement assessment annually.

The Procurement team holds regular *Helping the Salvation Army Buy Better* training seminars for stakeholders where ethical supply chain issues are covered. The Procurement team has also hosted a supplier conference with a specific focus on providing education on combating supply chain labour abuses. The commitment to ensuring ethical supply chain standards is also embedded in the recently adopted Salvation Army Fiscal Stewardship Principles and the Procurement Unit will be asked to report against these standards regularly.

REVIEWING FINANCES

Income

	2021	2020
	£m	£m
Charitable activities:		
Centres' revenue income	73.3	75.7
Other social operations	51.7	36.2
Housing association turnover	24.7	26.3
	149.7	138.2
Legacies and donations	5.3	3.5
Grants from The Salvation Army Trust	16.0	16.0
Investment and rental income	1.5	2.7
Other income	0.2	0.0
Total income	172.7	160.4

Centres' revenue income

The main elements are:

- charges for residents in our care homes for older people (£13.0 million)
- charges for residents in our Lifehouses (£27.1 million)
- income received under contracts with local authorities, principally Supporting People contracts (£29.3 million)

Other social operations

The main elements are:

- Employment Plus (£3.1 million)
- Anti-Trafficking (£48.4 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 Ministry of Justice. The demand for this service has increased year on year.

Housing Association turnover

This represents the turnover of The Salvation Army Housing Association (saha), a 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 £1.2m and donations of £4.1m were received in the current year.

Grants from The Salvation Army Trust

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

Expenditure

	2021 £m	2020 £m
Charitable activities:		
Centres' operations	86.3	100.8
Other social operations	54.0	40.6
Housing association operating costs	21.8	28.2
	162.1	169.6
Cost of raising funds	0.1	0.1
Total expenditure	162.2	169.7

Centres' operations

This represents the operating costs of care homes for older people, Lifehouses, detox centres, day care centres and other non-residential projects. Decreased costs reflects significantly decreased activity at certain centres due to the pandemic.

Other social operations

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

Net gains/(losses) on investments

There has been an unrealised gain on investments of £23.9 million (2020: loss of £7.6 million).

Funds

Including investment gains of £23 million, the Social Work Trust (excluding saha results) has generated a surplus of £33 million compared to a deficit of £16.0 million in the previous year.

Total funds at the year end were as follows:

	2021 £m	2020 £m
Endowment funds	15.8	12.7
Restricted funds:		
Social Work Fund	76.4	75.6
Social Work projects	43.8	39.6
saha operations	123.8	125.0
Total restricted funds	244.0	240.2
Unrestricted funds:		
Designated funds	12.2	12.6
Unrealised investment gains	64.8	44.1
General reserve	12.9	8.2
Total unrestricted funds	89.9	64.9
Total funds	349.7	317.8

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. During the year 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.

Whilst as at the year-end general reserves amounted to £12.9 million, given the uncertainties created by the ongoing pandemic, the Directors consider this to be appropriate.

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:

Asset Class	Benchmark	Range
	%	%
Equities:		
Global	40	+/-10
Bonds	0	+/-10
Property	10	+/-10
Cash	0	+10
	<hr/>	
	100	
	<hr/>	

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

CIF1

Fund strategy is:

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

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

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

CIF2

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

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)	25.8	27.5
Benchmark return	27.1	27.1

For the year to 31 March 2021 CIF 1 slightly underperformed compared to benchmark, whilst CIF 2 met its benchmark performance objective.

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

	CIF1	CIF1	CIF1	CIF1	CIF2	CIF2
	2021	2020	2019	2021	2020	2019
	%	%	%	%	%	%
(Decrease)/Increase in capital value of fund	22.3	-9.3	8.8	25.5	-8.4	6.4
Average net income return	0.5	1.7	1.6	0.8	2.1	1.9

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

The Salvation Army's property in the United Kingdom 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 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 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 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 has the power to exercise 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 14 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 normally five external non-executive directors and the vacant position as at year-end is being reviewed.

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 regularly delivers a written governance update on relevant issues at board meetings. 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, with some additional meetings scheduled as required. In addition to its oversight and governance role, the following matters require consideration and approval by the Board:

- annual budget
- expenditure of £5 million and above
- 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 previous financial 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 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 £18,148.92 to £24,249.88 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 directly to the Social Work Trust. Further information is disclosed in Note 10 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's 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.

The RMC considers the most recent developments in the most significant risks, while also prioritising broader developments to the Salvation Army's approach to risk management. The most recent three-year plan promotes a deepening appreciation of the complexities of risk management within a wide-ranging structure, the importance of metrics to inform risk management and the implications of macro and global risks that may have consequences for the organisation.

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. This enables site and service specific concerns to be identified and managed, whilst retaining high level oversight and assurance of the most significant risks facing the organisation. The RMC reports to the Board at least twice yearly on key risks. Through this risk management process the trustees have considered the major risks facing the organisation and satisfied themselves that controls are established to manage them.

Unfortunately, the nature of our work means that despite the steps we take, serious incidents can still arise, and we continue to place the utmost importance on reporting these to our regulators.

The Covid-19 pandemic not only had a significant impact on the Salvation Army's Corps (churches) and services, but it also created significant new risks as essential provision continued, and in the reopening of sites. The management of some of our principal risks in the reporting year related to business continuity and Safe Mission (health and safety) which changed considerably as a result, while the mitigations of other risks were also adapted. The following table outlines the most significant risks for the reporting period, taking account of their impact and likelihood, and the mitigations in place to manage them.

Principal Risks

The Salvation Army's work is diverse, geographically spread across a broad range of settings and has a variety of beneficiaries. The risk landscape is therefore varied, and controls are deployed appropriately at different levels of the organisation. The following outline indicates the most significant TSA risks in the reporting period, and some of the strategic level mitigations we have in place.

Principal Risks	Mitigation
Business Continuity - There is a risk that the occurrence of a significant incident where, during and after the incident, The Salvation Army will not be able to continue to be viable and meet stakeholder expectations.	Business continuity policies and procedures, including the application of ISO27001 for some parts of the organisation, prepare us for management of interruptions. Our business continuity plans have been invoked to manage the pandemic response, enabling us to continue delivering key services in challenging circumstances.
Cyber - The risk is that we fail to protect our information systems and the information they hold.	We deploy multiple measures to protect our systems and the information they hold. We work within an information security international standard (ISO27001) and build on lessons from our internal and external audits in this area. The Salvation Army United Kingdom and Ireland Territory experienced an IT incident in June of 2021, the impact on the work of the Social Work Trust was contained with temporary operational adjustments allowing the Trust to continue business as normal.
Data Protection - The risk that we fail to protect sensitive and personal data.	As well as our data protection/GDPR policies and training we take steps to ensure that personal data is treated properly through appropriate security measures, staff training, the use of data protection impact assessments and contractual requirements with organisations we work with who process our personal data.
Financial Sustainability - The risk 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. We adjusted our approach during the pandemic to offer enhanced monitoring of this risk, and acknowledging that contractual income streams are significant, over the coming months/years careful monitoring will be heightened as the UK moves forward in an ever-changing socio-economic climate. Our Fiscal Stewardship Principles guide our financial decision making.
Safeguarding - The risk is that we fail to provide a safe environment, free from abuse, for everyone, including vulnerable beneficiaries.	We continue to maintain clear policies and procedures in relation to safeguarding and ensure the appropriate screening, training and supervision of personnel. A subcommittee of RMC - the Territorial Safeguarding Committee - oversees management of the risk.
Safe Mission - The risk is that we are not able to ensure the health, safety and welfare of personnel, service users and members of the public who are affected by our activities, including in a Covid-impacted environment.	As Covid-related rules and guidance have changed, so have our processes. Thanks to the continuation of our business continuity measures throughout much of the pandemic, we have been adaptable and responsive in ensuring that health and safety measures are proportionate and offer the right protection for our personnel and beneficiaries. Two RMC subcommittees - the Safe Mission Council and the Sudden Deaths Review Group - inform the management of this risk.



Lieut-Colonel Alan Read, Director

On behalf of the Directors of The Salvation Army Trustee Company
10 December 2021

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	Deputy Chair (Appointed 20.11.20)
Colonel William Lee Graves	(Resigned 31.10.20)
Colonel Jenine Main.....	(Appointed 20.11.20)
Colonel Deborah Graves	(Resigned 31.10.20)
Lieut-Colonel Alan Read	Managing Director
Lieut-Colonel Andrew McCombe	
Lieut-Colonel Beverley McCombe	
Lieut-Colonel Dean Pallant	
Lieut-Colonel Judith Payne	
Major Noreen Batt	
Major Judith Hilditch	
Helen O'Brien	
Mark Puller	
Peter Gale	
Graham Roper	(until 19.09.21)
Andrew Stickland	

The Chief Secretary, Colonel Paul Main, is responsible for the day-to-day management of the charity.

Committee Members (current)

Territorial Operations Board

Colonel Paul Main (Chair), Commissioner Gillian Cotterill, Tony Daniels, Major Mal Davies, Miguel Fiallos, Peter Grant, Major Judith Hilditch, Lorrita Johnson, Lieut-Colonel Andrew McCombe, Lieut-Colonel Beverley McCombe, Mitch Menagh, Alex O'Hara, Lieut-Colonel Dean Pallant, David Rice, Lieut-Colonel Alan Read, Julius Wolff-Ingham

Audit Committee

Andrew Stickland (Chair), Stephen Bright, Hannah Greenfield, Mike Grills

Investment Advisory Committee

Peter Gale (Chair), Mark Colton, William Dalziel, Major Judith Hilditch, Mary Haly, Major Beverly Lloyd, 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, Lieut-Colonel Beverley McCombe, Lieut-Colonel Dean Pallant, David Rice, Lieut-Colonel Alan Read, Major Elwyn Harries, Elliot Thomas, Daniel Wills, Major Julian Watchorn, 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 2021 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 2021 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

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

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

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

Other information

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

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

- The Charity is required to comply with charity law and, based on our knowledge of its activities, we identified the legal requirements to comply with this legislation including the requirement to correctly account for restricted funds. The Charity is also required to comply with the Health and Social Care Act and the regulations issued thereunder and compliance with the standards issued by the Care Quality Commission is a key issue.
- We gained an understanding of how the charity complied with its legal and regulatory framework, including the requirement to properly account for restricted funds and to comply with the care quality standards, through discussions with management and a review of the documented policies, procedures and controls.
- The audit team, which is experienced in the audit of charities, considered the charity's susceptibility to material misstatement and how fraud may occur. Our considerations included the risk of management override.

- Our approach was to check that all restricted income was properly identified and separately accounted for and to ensure that only valid and appropriate expenditure was charged to restricted funds. This included reviewing journal adjustments and unusual transactions. We also reviewed reports and ratings published for the most recent Care Quality Commission inspections to ensure that there were no cases of non-compliance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>

This description forms part of our auditor's report.

Use of our report

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



65 Leadenhall Street
London EC3A 2AD

Knox Cropper LLP
Chartered Accountants
Registered Auditors

10 December 2021

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

The Salvation Army Social Work Trust Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2021

	Note	Endowments £000	Restricted £000	Unrestricted £000	2021 Total £000	2020 Total £000
INCOME AND ENDOWMENTS FROM:						
Donations and Legacies						
Grants receivable: TSA Trust		-	-	16,000	16,000	16,000
Donations		-	2,923	1,222	4,145	2,444
Legacies		-	1,098	70	1,168	1,018
		-	4,021	17,292	21,313	19,462
Charitable Activities						
Centres' operations	2	-	6,510	66,818	73,328	75,687
Other social operations	3	-	2,107	49,584	51,691	36,167
Housing Association turnover	12	-	24,714	-	24,714	26,368
		-	33,331	116,402	149,733	138,222
Investments	4	-	242	1,254	1,496	2,741
Other						
Gains on disposal of fixed assets	5	-	(539)	703	164	5
TOTAL INCOME		-	37,055	135,651	172,706	160,430
EXPENDITURE ON:						
Raising Funds						
Investment management costs		-	-	50	50	50
		-	-	50	50	50
Charitable Activities						
Centres' operations	7	-	3,970	82,366	86,336	100,762
Other social operations	8	-	1,237	52,726	53,963	40,636
Housing Association operating costs	12	-	21,833	-	21,833	28,203
		-	27,040	135,092	162,132	169,601
TOTAL EXPENDITURE	9	-	27,040	135,142	162,182	169,651
Net Gains/(Losses) on Investments	16	3,125	(631)	21,431	23,925	(7,628)
NET INCOME/(EXPENDITURE)		3,125	9,384	21,940	34,449	(16,849)
Transfers between Funds *	21/22	-	(2,986)	2,986	-	-
Other Recognised Gains/(Losses)						
Actuarial Gains/(Losses) on Defined Benefit Pension Schemes	12	-	(2,583)	-	(2,583)	2,620
NET MOVEMENT IN FUNDS		3,125	3,815	24,926	31,866	(14,229)
RECONCILIATION OF FUNDS:						
Total Funds brought forward	20/21/22	12,713	240,151	64,934	317,798	332,027
TOTAL FUNDS CARRIED FORWARD		15,838	243,966	89,860	349,664	317,798

All income and expenditure has arisen from continuing activities. £33,050k of the net income of funds disclosed above arises in the parent charity (2020: net expenditure of £16,018k). *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.

BALANCE SHEET

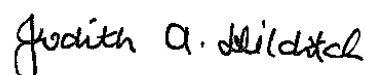
AS AT 31 MARCH 2021

	Note	Group		Parent	
		2021 £000	2020 £000	2021 £000	2020 £000
FIXED ASSETS					
Tangible Fixed Assets					
Properties	13	195,477	198,933	76,422	75,624
Property schemes in progress	14	4,671	2,457	4,370	2,159
Motor vehicles and equipment	15	239	732	205	138
Investments	16	152,965	129,039	123,914	99,039
TOTAL FIXED ASSETS		353,352	331,161	204,911	176,960
CURRENT ASSETS					
Stocks		130	105	130	105
Debtors and prepayments	17	12,373	15,534	10,909	13,495
Short-term deposits		10,727	13,914	10,727	13,914
Bank balances and cash		37,848	23,950	24,460	14,830
		61,078	53,503	46,226	42,344
CREDITORS: Amounts falling due within one year	18(a)	(32,153)	(33,132)	(25,243)	(26,460)
NET CURRENT ASSETS		28,925	20,371	20,983	15,884
TOTAL ASSETS LESS CURRENT LIABILITIES					
Creditors: Amounts falling due outside one year	18(b)	(28,424)	(31,712)	-	-
Defined Benefit Pension Scheme Liability	11(c)	(4,189)	(2,022)	-	-
TOTAL NET ASSETS		349,664	317,798	225,894	192,844
FUNDS					
Endowment Funds	20	15,838	12,713	15,838	12,713
Restricted Funds	21				
Social Work Fund		76,422	75,624	76,422	75,624
Other Restricted Funds		167,544	164,527	43,774	39,573
		243,966	240,151	120,194	115,197
Unrestricted Funds	22	89,860	64,934	89,860	64,934
TOTAL FUNDS	23	349,664	317,798	225,894	192,844

Approved on behalf of The Salvation Army Trustee Company on 10 December 2021 by:



Lieut-Colonel Alan Read (Director)



Major Judith Hilditch (Director)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net Cash provided by/(used in) operating activities	25		15,675		13,151
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment and rental income		1,496		2,741	
Additions to properties		(1,518)		(1,806)	
Additions to motor vehicles and equipment		(179)		(505)	
Additions to property schemes in progress		(2,543)		(9,679)	
Proceeds on disposal of motor vehicles and equipment		437		72	
Purchase of investments		-		(24)	
Proceeds on disposal of properties		648		194	
Management of short-term deposits		3,187		6,232	
Net Cash provided by investing activities			1,528		(2,775)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Interest payable		(1,037)		(1,249)	
(Decrease)/Increase in Bank Loans		(2,268)		(1,998)	
Net Cash provided by/(used in) financing activities			(3,305)		(3,247)
Change in Cash and Cash Equivalents in the year			13,898		7,129
Cash and Cash Equivalents at the beginning of the year			23,950		16,821
Cash and Cash Equivalents at the end of the year			37,848		23,950

ANALYSIS OF CHANGES IN NET DEBT

	Balance 1 April 2020 £000	Cash- Flows £000	Net Loan Repayments £000	Balance 31 March 2021 £000
Cash at Bank	23,950	13,898	-	37,848
Loans falling due within one year	(1,552)	-	(13)	(1,565)
Loans falling due after more than one year	(29,952)	-	2,281	(27,671)
	(7,554)	13,898	2,268	8,612

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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 trustees have made this assessment for a period of at least one year from the date of approval of the financial statements and has considered the continued 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 this financial year. The Trust has continued to provide safe places for homeless people to live, residential care for elderly people, safe places for trafficked people, online employment services and debt advice. The income for the Social Work Trust has increased as compared to pre pandemic, although income for residents in our lifehouses is slightly reduced due to the continued requirement 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, 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 the accounts using the acquisition method.

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

i. Financial instrument classification

The classification of financial instruments as 'basic' or 'other' requires judgement 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 11(c)). The net defined benefit pension obligation at 31 March 2021 was £4,189,000.

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 and Similar Costs**

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

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

The Salvation Army Retired Officers Allowance 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 unit is made to the Retired Officers Allowance Fund, which is charged in the accounts in the year in which payment is made.

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.

Since 1st January 2012, employees can join a defined contribution scheme.

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 2021 was £4,189,000.
- 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 & 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.

The Salvation Army Social Work Trust does not hold any investment properties. 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 a valuation undertaken by Savills, an independent professional valuer, or by members of staff with relevant experience.

(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. 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

	2021					2020	
	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	11,924	-	-	21	-	11,945	13,434
Single Homeless	7,172	8,765	-	2,329	22	18,288	18,840
Family and Children	1,317	2,015	-	752	202	4,286	5,185
Day Care	242	220	-	69	13	544	756
Addictions	572	672	-	-	-	1,244	1,129
Probation	-	-	-	-	-	-	222
Other Non-Residential Programmes	23	1,009	-	1,531	466	3,029	4,046
	<u>21,250</u>	<u>12,681</u>	<u>-</u>	<u>4,702</u>	<u>703</u>	<u>39,336</u>	<u>43,612</u>
Housing Association Centres							
Older People	1,092	-	-	2	-	1,094	1,162
Single Homeless	19,918	9,938	-	1,286	68	31,210	28,870
Family and Children	732	557	-	77	5	1,371	1,353
Addictions	6	-	-	-	1	7	171
	<u>21,748</u>	<u>10,495</u>	<u>-</u>	<u>1,365</u>	<u>74</u>	<u>33,682</u>	<u>31,556</u>
Social Enterprise	-	30	-	75	205	310	519
Total 2021	<u>42,998</u>	<u>23,206</u>	<u>-</u>	<u>6,142</u>	<u>982</u>	<u>73,328</u>	<u>75,687</u>
Total 2020	<u>44,810</u>	<u>23,688</u>	<u>-</u>	<u>3,495</u>	<u>3,694</u>		<u>75,687</u>

£6,510,000 (2020: £4,141,000) of centres' revenue income represents contracts restricted income predominantly being funding received from local authorities to fund the activities at specific centres. Local Authority & Other Grants includes Government grants of £1.812m received in respect of the COVID-19 pandemic.

3. OTHER SOCIAL OPERATIONS

	Endowments	Restricted	Unrestricted	2021 Total	2020 Total
	£000	£000	£000	£000	£000
Employment Plus	-	4	3,144	3,148	1,568
Anti-Human Trafficking	-	2,103	46,250	48,353	34,380
Defence Services Operations	-	-	144	144	189
Family Tracing, Counselling etc	-	-	46	46	30
	-	2,107	49,584	51,691	36,167

4. INVESTMENTS

	Restricted	Unrestricted	2021 Total	2020 Total
	£000	£000	£000	£000
Dividends and Interest receivable	8	990	998	2,368
Rents receivable	234	264	498	373
	242	1,254	1,496	2,741

5. OTHER INCOME

	Endowments	Restricted	Unrestricted	2021 Total	2020 Total
	£000	£000	£000	£000	£000
Gain/(loss) on disposal of properties	-	(539)	699	160	3
Gain on disposal of motor vehicles and equipment	-	-	4	4	2
	-	(539)	703	164	5

6. ANALYSIS OF COSTS OF CHARITABLE ACTIVITIES

	Endowments	Restricted	Unrestricted	2021 Total	2020 Total
	£000	£000	£000	£000	£000
Centres' Operations (Note 7)	-	3,970	82,366	86,336	100,762
Other Social Operations (Note 8)	-	1,237	52,726	53,963	40,636
saha Operating Costs (Note 12)	-	21,833	-	21,833	28,203
	-	27,040	135,092	162,132	169,601

7. ANALYSIS OF CENTRES' OPERATIONS COSTS

	2021						2020	
	Salaries & Other Staff Costs £000	Catering, Cleaning & Other Services £000	Other Operating Costs £000	Property & Furnishings £000	Support Costs £000	Governance Costs £000	Total £000	Total £000
Social Services Centres								
Older People	11,059	1,342	710	1,698	750	33	15,592	17,257
Single Homeless	11,862	823	3,679	2,257	2,235	45	20,901	25,338
Family and Children	2,842	58	202	752	727	9	4,590	6,855
Day Care Centres	454	35	83	174	131	2	879	904
Addictions	1,207	17	61	160	208	3	1,656	1,412
Probation	-	-	-	-	-	-	-	256
Other Non-Residential Programmes	3,492	287	351	588	837	11	5,566	8,111
	30,916	2,562	5,086	5,629	4,888	103	49,184	60,133
Housing Association Centres								
Older People	862	120	62	79	168	3	1,294	1,569
Single Homeless	14,597	3,217	1,331	3,627	10,719	68	33,559	36,124
Family and Children	812	20	92	206	497	3	1,630	1,696
Addictions	9	3	-	-	1	-	13	254
	16,280	3,360	1,485	3,912	11,385	74	36,496	39,643
Social Enterprise	353	99	10	84	109	1	656	986
Total Costs 2021	47,549	6,021	6,581	9,625	16,382	178	86,336	100,762
Total Costs 2020	49,356	6,340	6,582	14,654	23,675	155		100,762

Governance costs include external audit fees, inclusive of VAT, of £178,000 (2020: £155,000).

£3,970,000 (2020: £15,064,000) of centres' operations costs are funded from restricted funds.

Other Non-Residential Programmes expenditure in the above table includes expenditure of £0.95 million (2020: £1.74m) for Strawberry Field and £0.91 million (2020: £1.6m) for Hadleigh Farm.

7. ANALYSIS OF CENTRES' OPERATIONS COSTS (Cont.)

Support Costs consist of:	2021	2020
	£	£
Centres' Support Costs	10,492	15,163
Other Support Costs		
Personnel	868	1,255
Business Administration	3,450	4,986
Communications	549	793
Secretariat	952	1,376
Mission Service Management	71	102
	16,382	23,675

8. OTHER SOCIAL OPERATIONS

	Endowments	Restricted	Unrestricted	2021	2020
	£000	£000	£000	Total	Total
				£000	£000
Employment Plus	-	49	3,354	3,403	3,314
Anti-Human Trafficking	-	1,182	47,047	48,229	35,149
Defence Services Operations	-	-	260	260	201
Family Tracing, Counselling, etc	-	6	2,065	2,071	1,972
	-	1,237	52,726	53,963	40,636

Employment Plus includes a number of matched funding contracts. As part of these contracts The European Commission funds 50% of the total expenditure and the other 50% is matched by The Salvation Army and charged against the Social Work Trust's reserves.

9. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff Costs	Depreciation	Other Costs	2021	2020
	£000	£000	£000	Total	Total
				£000	£000
Raising funds	-	-	50	50	50
Charitable activities	64,479	4,959	92,694	162,132	169,601
	64,479	4,959	92,744	162,182	169,651

10. PERSONNEL

	2021 Parent £000	2020 Parent £000	2021 Subsidiary £000	2020 Subsidiary £000	2021 Total £000	2020 Total £000
Allowances and salaries	42,303	41,271	8,722	9,569	51,025	50,840
Social security costs	3,617	3,434	637	702	4,254	4,136
Pension and similar costs	3,324	3,302	810	838	4,134	4,140
Redundancy costs	1	3	51	195	52	198
	49,245	48,010	10,220	11,304	59,465	59,314

Redundancy Costs

Redundancy costs relating to employees in the Social Work Trust, including saha, amounted to £51,950 (2020: £197,247). 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:

	2021 Headcount No.	2021 FTE No.	2020 Headcount No.	2020 FTE No.
Trust				
Number of officers	86	82	97	85
Number of employees	2,210	1,619	2,182	1,577
	2,296	1,701	2,279	1,662
Subsidiary	330	217	358	236
Total	2,626	1,918	2,637	1,898

Higher-Paid Employees

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

	2021 Parent No.	2021 Subsidiary No.	2021 Total No.	2020 Total No.
£60,001 - £70,000	4	-	4	5
£70,001 - £80,000	4	4	8	5
£80,001 - £90,000	-	1	1	1
£90,001 - £100,000	3	-	3	1
£100,001 - £110,000	-	1	1	-
£110,001 - £120,000	-	-	-	3
£120,001 - £130,000	-	-	-	-
£130,001 - £140,000	-	-	-	-
£140,001 - £150,000	-	1	1	1
£150,001 - £160,000	-	-	-	1
£180,001 - £190,000	-	-	-	1
	11	7	18	18

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 £18,148.92 to £24,249.88 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. Lieut-Colonel Drew McCombe is a director of both saha and of The Salvation Army Trustee Company. He is remunerated £4,000 which is donated to 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 £222,784 (2020: £233,142). As detailed above, no allowances or salaries paid to any of the directors are charged directly to the Social Work Trust.

11. PENSION AND SIMILAR COSTS

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

- i. The Salvation Army Retired Officers Allowance 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 10 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 £4,860 per annum (2020: £4,740), 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 constructive liabilities of the Fund between the Trusts. Therefore, the Fund is accounted for in a similar way 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 was agreed whereby the contribution per officer was increased to £4,860 per annum, from 1 April 2020, and The Salvation Army Trust would 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 2020/21 the capital contribution paid by The Salvation Army Trust was £4m (2019/20 £4m).

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 is made in the financial statements of The Salvation Army Trust for the total discounted value of the future capital contributions which it has agreed to pay. At the year end, The Salvation Army Trust had fully paid the deficit contributions which it had agreed to pay and had paid an additional amount in advance amounting to £621,000. As this will reduce the requirement for future contributions, this amount has been accounted for in The Salvation Army Trust's financial statements as a payment in advance within debtors.

(b) SALVATION ARMY EMPLOYEES' PENSION FUND

The Salvation Army Employees' Pension Fund is a funded defined benefit scheme. The contribution rate payable by members is 8% of pensionable salaries and the employer's contribution is 23.9% of pensionable salaries.

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

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

The review was based on the following assumptions:

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

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

The trustees and employers agreed a recovery plan to eliminate the shortfall which involved lump sum payments into the fund by each of the employers. The amount payable by The Salvation Army Trust amounted to £3.6m and this was fully accounted for in the 2018/19 financial year.

(c) SOCIAL HOUSING PENSION SCHEME (SHPS)

saha 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, saha 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.

Under the defined benefit pension accounting approach, the SHPS net deficit as at 1 April 2020 is £2,022k and £4,189k as at 31 March 2021.

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

	2021 £000	2020 £000
Fair value of plan assets	17,257	15,592
Present value of defined benefit obligation	(21,446)	(17,614)
Surplus/(deficit) in plan	(4,189)	(2,022)
Deferred tax	-	-
Net defined benefit asset/(liability) to be recognised	(4,189)	(2,022)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	2021 £000	2020 £000
Defined benefit obligation at start of period	17,614	19,259
Current service cost	-	(25)
Expenses	13	13
Interest expense	414	437
Contributions by plan participants	-	25
Actuarial losses/(gains) due to scheme experience	(386)	1,103
Actuarial losses/(gains) due to changes in demographic assumptions	77	(175)
Actuarial losses/(gains) due to changes in financial assumptions	4,139	(2,384)
Benefits paid and expenses	(425)	(639)
Defined benefit obligation	21,446	17,614

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

	2021 £000	2020 £000
Fair value of plan assets at start of period	15,592	14,211
Interest income	371	326
Experience on plan assets (excluding amounts included in interest income) - gain/(loss)	1,247	1,164
Contributions by the employer	472	505
Contributions by plan participants	-	25
Benefits paid and expenses	(425)	(639)
Fair value of plan assets at end of period	17,257	15,592

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £1,618,000 (2020: £1,490,000).

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

	2021 £000	2020 £000
Current service cost	-	(25)
Expenses	13	13
Net interest expense	43	111
Total expense	56	99

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

	2021 £000	2020 £000
Experience on plan assets (excluding amounts included in net interest cost) - gain/(loss)	1,247	1,164
Experience gains and losses arising on the plan liabilities - gain/(loss)	386	(1,103)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain/(loss)	(77)	175
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain/(loss)	(4,139)	2,384
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain/(loss)	(2,583)	2,620
Total amount recognised in other recognised gains/(losses)	(2,583)	2,620

ASSETS

	2021 £000	2020 £000
Global Equity	2,750	2,281
Absolute Return	952	813
Distressed Opportunities	498	300
Credit Relative Value	543	428
Alternative Risk Premia	650	1,090
Fund of Hedge Funds	2	9
Emerging Markets Debt	697	472
Risk Sharing	628	527
Insurance-Linked Securities	414	479
Property	358	343
Infrastructure	1,151	1,160
Private Debt	412	314
Opportunistic Liquid Credit	439	377
High Yield	517	-
Opportunistic Credit	473	-
Corporate Bond Fund	1,020	889
Liquid Credit	206	6
Long Lease Property	338	270
Secured Income	718	592
Liability Driven Investment	4,386	5,175
Net Current Assets	105	67
Total assets	17,257	15,592

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

	2021 % per annum	2020 % per annum
Discount Rate	2.17%	2.38%
Inflation (RPI)	3.28%	2.62%
Inflation (CPI)	12.86%	1.62%
Salary Growth	3.86%	2.62%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	<u>Life expectancy at age 65 (Years)</u>
Male retiring in 2021	21.6
Female retiring in 2021	23.5
Male retiring in 2041	22.9
Female retiring in 2041	25.1

EMPLOYER PENSION CONTRIBUTIONS

	<u>2021</u>	<u>2020</u>
	<u>£000</u>	<u>£000</u>
Defined benefit employer contributions including deficit contributions	473	505
Growth Plan deficit contributions	29	29
Auto-enrolment & SHPS Defined contribution including deficit contribution	308	304
	<u>810</u>	<u>838</u>

The defined benefit pension costs for Salvation Army Housing Association was £472,175 (2020: £505,204). 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 participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

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

The scheme is classified as a 'last-man standing arrangement'. Therefore, saha 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 group has agreed to a deficit funding arrangement the group 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

	2021 £000	2020 £000	2019 £000
Present value of provision	120	142	172

RECONCILIATION OF OPENING AND CLOSING CREDITOR

	2021 £000	2020 £000
Provision at start of period	142	172
Unwinding of the discount factor (interest expense)	3	2
Deficit contribution paid	(29)	(28)
Remeasurements - impact of any change in assumptions	4	(4)
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	120	142

INCOME AND EXPENDITURE IMPACT

	2021 £000	2020 £000
Interest expense	3	2
Remeasurements - impact of any change in assumptions	(4)	(4)
Remeasurements - amendments to the contribution schedule	-	-

ASSUMPTIONS

	2021 % per annum	2020 % per annum	2019 % per annum
Rate of discount	0.66	2.53	1.39

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 group and the scheme at each year end period:

	2021 £000	2020 £000	2019 £000
Year 1	30	29	29
Year 2	31	30	29
Year 3	32	31	30
Year 4	28	32	31
Year 5	-	28	32
Year 6	-	-	28
Year 7	-	-	-
Year 8	-	-	-
Year 9	-	-	-
Year 10	-	-	-

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

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

saha 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 (2020: £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 £288,644 (2020: £304,464) covering 302 employees (2020: 349 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.

12. 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.

	2021		2020	
	£000	£000	£000	£000
Turnover		24,714		25,744
Grants Received		-		624
		<u>24,714</u>		<u>26,368</u>
Operating Costs				
Staff Costs	(8,757)		(9,497)	
Other Costs*	(9,271)	(18,028)	(11,609)	(21,106)
		<u>(18,028)</u>	<u>(21,106)</u>	
Interest Payable		(1,037)		(1,249)
Property Depreciation		(2,756)		(5,831)
Tax		(12)		(17)
Gain/(Loss) on Disposal of Assets (Note 5)		(539)		-
Gain/(Loss) on revaluation of investment properties (Note 16)		(950)		975
Interest Receivable (Note 4)		7		29
Social Housing Pension Scheme (SHPS) Remeasurement of Obligation		-		-
Actuarial Gain/(Loss)		(2,583)		2,620
		<u>(1,184)</u>		<u>1,789</u>

*Other Costs includes temporary agency staff costs of £1,462,151 (2020: £1,807,062)

13. PROPERTIES

GROUP	Freehold £000	Leasehold £000	Total £000
Cost or Valuation			
Balance at 1 April 2020	208,202	50,857	259,059
Additions during the year	218	1,300	1,518
Schemes completed during the year (Note 14)	234	-	234
	<u>208,654</u>	<u>52,157</u>	<u>260,811</u>
Less: Disposals	(938)	(1,346)	(2,284)
Balance at 31 March 2021	<u>207,716</u>	<u>50,811</u>	<u>258,527</u>
Accumulated Depreciation			
Balance at 1 April 2020	44,424	15,702	60,126
Charge for the year	4,713	7	4,720
Less: Disposals	(133)	(1,663)	(1,796)
Balance at 31 March 2021	<u>49,004</u>	<u>14,046</u>	<u>63,050</u>
Net Book Value at 31 March 2021	<u>158,712</u>	<u>36,765</u>	<u>195,477</u>
Net Book Value at 31 March 2020	<u>163,778</u>	<u>35,155</u>	<u>198,933</u>

Both saha's portfolio (on 19 January 2011) and, saha's acquisition, 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.

PARENT	Freehold £000	Leasehold £000	Total £000
Cost			
Balance at 1 April 2020	106,334	693	107,027
Additions during the year	3,131	-	3,131
Schemes completed during the year	234	-	234
	<u>109,699</u>	<u>693</u>	<u>110,392</u>
Less: Disposals	(432)	-	(432)
Balance at 31 March 2021	<u>109,267</u>	<u>693</u>	<u>109,960</u>
Accumulated Depreciation			
Balance at 1 April 2020	31,305	98	31,403
Charge for the year	2,165	17	2,182
Less: Disposals	(47)	-	(47)
Balance at 31 March 2021	<u>33,423</u>	<u>115</u>	<u>33,538</u>
Net Book Value at 31 March 2021	<u>75,844</u>	<u>578</u>	<u>76,422</u>
Net Book Value at 31 March 2020	<u>75,029</u>	<u>595</u>	<u>75,624</u>

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 owned by the trust 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.

Group properties and schemes in progress have attracted capital funding from Homes England of £150.521m (£17.174 million by the parent charity). Should these properties be sold, this amount will be repayable to Homes England (the amounts repayable being limited by the proceeds of sale) unless Homes England consent to this funding being recycled to other schemes.

Included within parent charity additions is the consideration paid for the surrender of property leases from the charity's subsidiary, saha. This transaction is removed on consolidation.

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.

14. PROPERTY SCHEMES IN PROGRESS

	GROUP		PARENT	
	2021 £000	2020 £000	2021 £000	2020 £000
Balance at 1 April 2020	2,457	10,456	2,159	9,055
Additions during the year	2,543	9,679	2,540	9,614
Property schemes capitalised during the year	5,000	20,135	4,699	18,669
Scheme's revenue expenditure	(234)	(13,725)	(234)	(12,733)
	(95)	(3,953)	(95)	(3,777)
Balance at 31 March 2021	4,671	2,457	4,370	2,159

15. MOTOR VEHICLES AND EQUIPMENT

GROUP	Motor Vehicles	Equipment	Total
	£000	£000	£000
Cost			
Balance at 1 April 2020	1,261	4,461	5,722
Additions during the year	87	92	179
Disposals	-	(2,899)	(2,899)
Balance at 31 March 2021	1,348	1,654	3,002
Accumulated Depreciation			
Balance at 1 April 2020	1,124	3,866	4,990
Charge for the year	20	219	239
Disposals	-	(2,466)	(2,466)
Balance at 31 March 2021	1,144	1,619	2,763
Net Book Value at 31 March 2021	204	35	239
Net Book Value at 31 March 2020	137	595	732

PARENT	Motor Vehicles £000	Equipment £000	Total £000
Cost			
Balance at 1 April 2020	1,219	-	1,219
Additions during the year	87	-	87
Disposals	-	-	-
Balance at 31 March 2021	1,306	-	1,306
Accumulated Depreciation			
Balance at 1 April 2020	1,081	-	1,081
Charge for the year	20	-	20
Disposals	-	-	-
Balance at 31 March 2021	1,101	-	1,101
Net Book Value at 31 March 2021	205	-	205
Net Book Value at 31 March 2020	138	-	138

16. INVESTMENTS

FIXED ASSET INVESTMENTS

GROUP AND PARENT	Unlisted £000	Units in CIF 1 £000	Units in CIF 2	Total £000
Cost/Market Value at 1 April 2020	5	2,867	96,167	99,039
Additions	-	-	-	-
Unrealised Gains/(Losses) on investments	-	638	24,237	24,875
Cost/Market Value at 31 March 2021	5	3,505	120,404	123,914

At 31 March 2021, units held in The Salvation Army Common Investment Fund No 1 had a unit value of £2.5966 (2020: £2.1236).

At 31 March 2021, units held in The Salvation Army Common Investment Fund No 2 had a unit value of £3.5374 (2020: £2.8251).

Salvation Army Social Work Trust holds one £1 share and has the power to control 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	
	2021 £000	2020 £000
Balance at 1 April 2020	30,000	29,000
Additions during the year	-	25
Property revaluation adjustment - increase/decrease in value	(950)	975
Investment property valuation at year end	29,050	30,000
Fixed Assets Investments (from above)	123,915	99,039
Total Investments	152,965	129,039

This property at Waterloo, London is used for student accommodation. The revaluation undertaken by Savills, professional external valuers, at 31 March 2021 has resulted in a decrease in the property valuation, and this decrease has been recognised through the revaluation reserve for investment properties. This valuation has been carried out on the basis of no on-going COVID-19 restrictions.

17. DEBTORS AND PREPAYMENTS

	GROUP		PARENT	
	2021 £000	2020 £000	2021 £000	2020 £000
Accommodation charges outstanding	916	2,385	636	2,192
Sundry debtors and accrued income	11,457	13,149	10,273	11,303
	12,373	15,534	10,909	13,495

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

	GROUP		PARENT	
	2021 £000	2020 £000	2021 £000	2020 £000
Trade creditors and accruals	15,435	14,389	12,485	11,524
Deferred Income	2,651	5,963	256	3,708
Tax and Social Security	4,784	4,401	4,784	4,401
Connected Salvation Army Trusts and Companies	7,718	6,827	7,718	6,827
Bank Loans repayable within one year (Note 18(b))	1,565	1,552	-	-
	32,153	33,132	25,243	26,460

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

	GROUP		PARENT	
	2021 £000	2020 £000	2021 £000	2020 £000
Multi-Employer Pension Scheme (note 12(d))	120	142	-	-
Recycled Social Housing Grant	633	1,618	-	-
Loans repayable between 1 & 2 years	1,528	1,561	-	-
Loans repayable between 3 to 5 years	10,939	11,108	-	-
Loans repayable over five years	15,204	17,283	-	-
	28,424	31,712	-	-

Housing loans from private sources are secured by charges on saha specific housing properties and are repayable between 2021 and 2044 at varying rates of interest between 0.89% and 11.50%.

19. OPERATING LEASES

	GROUP		PARENT	
	2021 £000	2020 £000	2021 £000	2020 £000
The Group has future minimum lease commitments of:				
Land and Buildings				
Within one year	235	234	-	-
One to five years	137	316	-	-
Over five years	50	62	-	-
	422	612	-	-
Other operating leases				
Within one year	195	298	-	-
One to five years	604	124	-	-
Over five years	145	23	-	-
	944	445	-	-

20. ENDOWMENTS

GROUP AND PARENT	Balance 1 April 2020	New Funds Received	Changes in Market Value of Investments	Transfers	Balance 31 March 2021
	£000	£000	£000	£000	£000
Expendable Endowment					
Xenia Field Capital Fund	11,275	-	2,841	-	14,116
Permanent Endowments					
H.M. Brant	20	-	-	-	20
J.B. Crighton	96	-	25	-	121
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	1,009	-	225	-	1,234
Birmingham Girls Trust	154	-	34	-	188
	1,438	-	284	-	1,722
	12,713	-	3,125	-	15,838

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 2020

GROUP AND PARENT	Balance 1 April 2019	New Funds Received	Changes in Market Value of Investments	Transfers	Balance 31 March 2020
	£000	£000	£000	£000	£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
	13,817	-	(1,104)	-	12,713

21. RESTRICTED FUNDS

GROUP	Balance 1 April 2020	Income and Movement in Market Value of Investments	Expenditure and Actuarial Movement on Defined Benefit Pension Scheme	Transfers From/(to) Unrestricted Reserves	Transfers between Restricted Funds	Balance 31 March 2021
	£000	£000	£000	£000	£000	£000
Social Work Fund	75,624	42	(2,614)	3,370	-	76,422
Other Restricted Funds						
Social Work projects including property funding	39,573	13,150	(2,593)	(6,356)	-	43,774
saha operations - property purposes	124,954	23,232	(24,416)	-	-	123,770
	164,527	36,382	(27,009)	(6,356)	-	167,544
	240,151	36,424	(29,623)	(2,986)	-	243,966

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. In addition, this year £7.482m has been transferred from restricted funds to the general fund to reimburse Strawberry Field project expenditure initially charged against general funds.

PARENT	Balance 1 April 2020 £000	Income and Movement in Market Value of Investments £000	Expenditure £000	Transfers From/(to) Unrestricted Reserves £000	Transfers between Restricted Funds £000	Balance 31 March 2021 £000
Social Work Fund						
Funding of properties for charitable purposes	75,624	42	(2,614)	3,370	-	76,422
Other Restricted Funds						
Social Work projects including property funding	39,573	13,150	(2,593)	(6,356)	-	43,774
	115,197	13,192	(5,207)	(2,986)	-	120,196

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 2020

GROUP	Balance 1 April 2019 As restated £000	Income and Movement in Market Value of Investments £000	Expenditure £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
	234,381	33,406	(41,004)	13,368	-	240,151

31 March 2020

PARENT

	Balance 1 April 2019	Income and Movement in Market Value of Investments	Expenditure	Transfers From/(to) Unrestricted Reserves	Transfers between Restricted Funds	Balance 31 March 2020
	£000	£000	£000	£000	£000	£000
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
	111,216	6,034	(15,421)	13,368	-	115,197

22. UNRESTRICTED FUNDS

GROUP AND PARENT

	Balance 1 April 2020	Income and Movement in Market Value of Investments	Expenditure	Transfers From/(to) Restricted Reserves	Transfers between Unrestricted Funds	Balance 31 March 2021
	£000	£000	£000	£000	£000	£000
General Reserves	8,197	135,692	(135,011)	3,986	-	12,864
Unrealised Investment Gains	44,087	20,729	-	-	-	64,816
	52,284	156,421	(135,011)	3,986	-	77,680
Designated Reserves						
Property Purposes	9,631	657	-	(1,000)	-	9,288
Vehicles	1,468	4	-	-	-	1,472
Social Work projects	1,551	-	(131)	-	-	1,420
	12,650	661	(131)	(1,000)	-	12,180
	64,934	157,082	(135,142)	2,986	-	89,860

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 2020

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
	61,565	120,498	(125,889)	(3,890)	-	52,284
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
	22,264	2	(138)	(9,478)	-	12,650
	83,829	120,500	(126,027)	(13,368)	-	64,934

23. 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	-	76,422	119,055	-	195,477
Property schemes in progress	-	-	4,671	-	4,671
Motor vehicles and equipment	-	-	34	205	239
Investments	15,838	-	29,051	108,076	152,965
Current Assets less Liabilities	-	-	14,733	(18,421)	(3,688)
Total Net Assets	15,838	76,422	167,544	89,860	349,664
PARENT	Endowment Funds	Social Work Fund	Other Restricted Funds	Unrestricted Reserves	Total
	£000	£000	£000	£000	£000
Fixed Assets					
Properties	-	76,422	-	-	76,422
Property schemes in progress	-	-	4,370	-	4,370
Motor vehicles and equipment	-	-	-	205	205
Investments	15,838	-	-	108,076	123,914
Net Current Assets	-	-	39,404	(18,421)	20,983
Total Net Assets	15,838	76,422	43,774	89,860	225,894

31 March 2020

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)
Total Net Assets	12,713	75,624	164,527	64,934	317,798
PARENT	Endowment Funds	Social Work Fund	Other Restricted Funds	Unrestricted Reserves	Total
	£000	£000	£000	£000	£000
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
Total Net Assets	12,713	75,624	39,573	64,934	192,844

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

	2021 £000	2020 £000
Net income/(expenditure)	31,866	(14,229)
Unrealised loss/(gain) on investments	(23,926)	7,628
Realised (gain) on disposal of properties	(160)	(3)
Depreciation of motor vehicles and equipment	239	697
Depreciation of properties	4,720	7,177
Investment and rental income	(1,496)	(2,741)
(Profit) on sale of motor vehicles	(4)	(2)
Increase in stocks	(25)	-
(Increase)/Decrease in debtors	3,161	1,086
Schemes in progress written off	95	3,953
Increase/(Decrease) in creditors	(1,999)	11,362
Increase/(Decrease) in Defined Benefit pension scheme liability	2,167	(3,026)
Interest payable	1,037	1,249
Net inflow/(outflow) from operating activities	15,675	13,151

25. 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 £58k (2020: £2.951m).

26. RELATED PARTY TRANSACTIONS

During the current year grants totalling £16.0m (2020: £16.0m) were received from The Salvation Army Trust. An overhead recharge 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.

27. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITY FOR THE YEAR ENDED 31 MARCH 2020

	Endowments £000	Restricted Restated £000	Unrestricted £000	2020 Total £000
INCOME AND ENDOWMENTS FROM:				
Donations and Legacies				
Grants receivable: TSA Trust	-	-	16,000	16,000
Donations	-	550	1,894	2,444
Legacies	-	925	93	1,018
	-	1,475	17,987	19,462
Charitable Activities				
Centres' operations	-	4,141	71,546	75,687
Other social operations	-	1	36,166	36,167
Housing Association turnover	-	26,368	-	26,368
	-	30,510	107,712	138,222
Investments	-	589	2,152	2,741
Other				
Gains on disposal of fixed assets	-	3	2	5
TOTAL INCOME	-	32,577	127,853	160,430
EXPENDITURE ON:				
Raising Funds				
Investment management costs	-	-	50	50
	-	-	50	50
Charitable Activities				
Centres' operations	-	15,064	85,698	100,762
Other social operations	-	357	40,279	40,636
Housing Association operating costs	-	28,203	-	28,203
	-	43,624	125,977	169,601
TOTAL EXPENDITURE	-	43,624	126,027	169,651
Net Gains on Investments	(1,104)	829	(7,353)	(7,628)
NET EXPENDITURE	(1,104)	(10,218)	(5,527)	(16,849)
Transfers between Funds	-	13,368	(13,368)	-
Actuarial Gains/(Losses) on Defined Benefit Pension Schemes	-	2,620	-	2,620
NET MOVEMENT IN FUNDS	(1,104)	5,770	(18,895)	(14,229)
RECONCILIATION OF FUNDS:				
Total Funds brought forward (as restated)	13,817	234,381	83,829	332,027
TOTAL FUNDS CARRIED FORWARD	12,713	240,151	64,934	317,798



Charity Registration No: 215174 Scottish Charity Registration No: SC037691

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