



The Salvation Army United Kingdom Territory

**The Salvation Army Social Work Trust
Report and Financial Statements
for the year ended 31 March 2018**

Charity Registration No: 215174 Scottish Charity Registration No: SC037691

Principal Office

Territorial Headquarters: 101 Newington Causeway, London SE1 6BN

www.salvationarmy.org.uk

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Trustee's Report

OUR MISSION

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

OUR VISION

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

OUR VALUES

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

THE SALVATION ARMY'S PRINCIPAL OBJECTIVES

The Salvation Army's principal objectives are the advancement of the Christian religion and consequently the advancement of education, the relief of poverty and other charitable objects beneficial to society or the community of mankind as a whole.

THE SPECIFIC OBJECTIVES OF THE SALVATION ARMY SOCIAL WORK TRUST

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

MESSAGE FROM OUR TERRITORIAL COMMANDER



In the relatively short space of time I've had as new leader of The Salvation Army in the United Kingdom and Republic of Ireland, I've been so fortunate to meet many people who say their lives have been changed for the better because of our help.

Looking back over the year in review contained in this report, it's not difficult to see why. The breadth of support offered by our wide-ranging social services is staggering, as are the many and varied skills and expertise of the talented, caring people who work within them and make us such an effective force for good.

Over the coming months and years, as I visit our Lifehouses for people experiencing homelessness, our addiction and family centres and our care homes, and as I learn more about our measures to tackle modern

slavery and human trafficking, I'll doubtless see and hear more evidence of how The Salvation Army is not just offering immediate practical help but also taking the time to offer spiritual, emotional and social support to the people we care for.

Our churches and community centres carry out a huge amount of locally based projects which support the very specific needs of the people in the communities they serve. Details of the kind of work our network of churches have been doing over the year are in our Annual Report of The Salvation Army Central Trust which I would encourage you to read in conjunction with this report.

I am proud to be leading such a vibrant church and charity which is working so hard and so effectively to help people realise they are valued.

I would also like to take this opportunity to say how extremely grateful I am to everyone who supports The Salvation Army's work through volunteering and with their generous donations.

A handwritten signature in black ink that reads "Anthony Cotterill". The signature is written in a cursive style with a small flourish at the end.

Anthony Cotterill
Commissioner
Territorial Commander

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

WHAT WE DO

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

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

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

HOMELESSNESS

In the UK 160,000 households are classified as homeless. In the autumn of 2017 an estimated 4,715 people slept rough in doorways and pavements around the UK – a rise of 15% on the previous year. (Source: Ministry of Housing, Communities and Local Government)

In the last year alone The Salvation Army has provided 4,000 beds to people experiencing homelessness across the UK in our residential centres and specialist units. We have also successfully adopted the pioneering Housing First homelessness prevention programme in Cardiff, that commits firstly to giving homeless people a roof over their heads, followed by real, practical help and support to stay in their home.

We challenged government proposals to alter the way supported housing was funded, by inviting MPs, local councillors and other decision-makers into our residential centres to see for themselves how the vital services we provide to help people escape homelessness could be put at risk under the new proposals.

We also went straight to the heart of the Welsh Assembly to give direct support to Housing First throughout the Principality and – along with our partners at Stirling University – worked directly with the Scottish Parliament to identify and tackle the complex and varied causes of homelessness.

The work continues...

In the coming 12 months, we'll be building on the initial success of Housing First in Cardiff by introducing a parallel approach in Glasgow, with the ultimate aim of adopting Housing First nationwide as our model for helping people out of homelessness.

Locally, our churches, community centres and halls across the UK will continue providing practical help in the form of weekly drop-ins and winter night shelters to people experiencing homelessness, whilst empowering them to reconnect to other support agencies and to the wider community.

Read about what The Salvation Army is doing to tackle homelessness at a local level in our Annual Report for the Central Trust.

Visit salvationarmy.org.uk/aboutus to find out more about how The Salvation Army is helping to bring an end to homelessness and rough sleeping through both words and deeds.

SUBSTANCE MISUSE AND ADDICTIONS

We make it our business to offer non-judgmental support at the point of need as we also strive to force radical changes at the highest level to halt the rise of addictions.

From our ongoing campaign against low-cost, high-strength alcohol and calls for a Minimum Unit Price, to our continuous demands for action on Fixed Odds Betting Terminals (FOBT), The Salvation Army is committed to alerting society at large to the harm both these things are causing to individuals and families up and down the country.

It's because our staff, officers and volunteers witness the consequences of all types of addiction on a daily basis that we are so acutely aware of the extent of the problem. It's also why we are willing to consider radical harm reduction approaches such as our outreach staff being able to administer medication-assisted treatments – in partnership with NHS Wales.

A large number of the people experiencing homelessness and living in our hostels have arrived there as a result of serious issues with substance misuse or alcoholism or as a result of uncontrollable gambling.

For many service users, overcoming addictions is the main stumbling block towards beating homelessness and moving on into successful independent living. Empowering them to address, examine and eventually overcome their addictive behaviour is a major part of the care we provide.

Our four established treatment services – Gloucester House, Greenock Floating Support, The Bridge Project (Cardiff) and The Bridge (Bristol) – provide exceptional practical rehabilitation support to people recovering from addictions, whilst also enabling them to re-connect relationships and renew a sense of purpose.

The Salvation Army is working with academics from Stirling University on a three-year research project into substance misuse and the best ways to reduce harm to individuals, their families and wider communities. The partnership will establish The Salvation Army Centre for Addiction Services and Research at Stirling University this year.

March 2018 saw the publication of The Salvation Army Drug and Alcohol Strategy. This is a comprehensive analysis of the changing nature of addictions – including the rise in social media, sex and pornography addiction – with forward-thinking recommendations to help people achieve lifelong recovery.

The work continues ...

This year we are determined to equip everyone who works or volunteers for The Salvation Army with the knowledge and understanding they need to fully comprehend the routes into and out of addiction and to deliver appropriate, compassionate support.

In the light of our successful campaign to cap the maximum stakes on Fixed Odds Betting Terminals to £2, the coming months will also see us stepping up the pressure on the gambling industry to fund research and treatment for problem gamblers. We will also continue our appeal to the Government to give more powers to local authorities to oversee gambling in their areas.

To find out more about how Salvation Army churches and community centres respond to local need to address the impact of alcohol and drug misuse and reckless gambling, read our sister publication, the Annual Report for the Central Trust.

MODERN SLAVERY AND ANTI-HUMAN TRAFFICKING

Since The Salvation Army was first chosen by the UK Government in 2011 to manage support services to people who have been enslaved, over 7,000 survivors of modern slavery and human trafficking have come into our care.

The year-on-year increase in the number of clients is proof, if any were needed, of how widespread the problem is – which is all the more shocking because we can say with certainty that it's just the tip of the iceberg.

The hidden nature of modern slavery and human trafficking is why The Salvation Army is not content with just helping people to escape it and regain their lives. It's why we're also strongly committed to exposing this hidden crime, largely by recruiting the public to be our eyes and ears.

In the seven years since we've been running the Adult Victims of Modern Slavery Care and Co-ordination Service, we have not only been instrumental in getting the public to be on the lookout for possible cases of modern slavery. We have also encouraged everyone to think about the ethics behind some of the cheap products and services we all take for granted and to challenge large, global brands to prove that slavery plays no part in the production or distribution of their goods.

This past year we have concentrated on protecting people from becoming exploited in the first place, at the same time as we have sought to provide longer-term support to existing survivors.

The work continues...

To help ensure survivors receive our support for as long as they need it after they have left our service, we're establishing outreach 'hubs' within communities that will be run by specially trained managers and staffed by volunteers.

Our churches and community centres across the country are vital to the work we do to support survivors of slavery and human trafficking. In particular our first responders, many of whom are church volunteers, give immediate help to survivors or transport them to safe accommodation. Read the Annual Report for our Central Trust to find out more.

UNEMPLOYMENT

Aside from the obvious huge economic disadvantages unemployment brings to individuals and families, the negative impact that a lack of employment has on people's health and wellbeing cannot be underestimated either.

We know that long-term unemployed people are far more likely to need our care and support, whether that's access to a food bank or to temporary accommodation in one of our hostels if the worst has happened and they have become homeless.

The best way to help people into work and training is to motivate and empower them. So in keeping with this ethos, every aspect of the help we provide to get people into work is practical, self-determined, and above all effective.

The Salvation Army is working hand in hand with the Department for Work and Pensions (DWP) to deliver the Work and Health Programme, a new initiative which addresses people's individual circumstances to determine whether they have an impact on their ability to find work.

The Work and Health Programme enables us to provide specialist help to anyone being held back from seeking employment because of underlying issues such as poor mental health, disability or because they have a criminal record or are victims of domestic violence or other abuse.

We are also making it a priority to provide life-coaching and a wellbeing programme specifically for job seekers who are facing social isolation. In our Lifehouses we enable people experiencing homelessness to get access to expert advice and training into work in-house from a professional Employee Development Co-ordinator through our Employment Plus service.

Since 2012 we have been successfully training and employing service users and other long-term unemployed people to become portable appliance (PAT) testers through our Red Shield social enterprise. They in turn work for Red Shield as expert professionals and test the electrical equipment in our buildings up and down the UK.

The work continues...

New Employment Plus services will be opening in other settings, so that they can be accessed by even more people who may not initially have any contact with The Salvation Army.

Through The Salvation Army's Central Trust more of our churches and community centres around the country will also be providing employment services from specially trained volunteers via an Employment Plus Local service. Read more about what churches are doing at local level to tackle unemployment in the Annual Report for the Central Trust.

OLDER PEOPLE

The Salvation Army's 13 residential care homes provide 464 bed places to older people needing care, regardless of their financial circumstances.

Unfortunately the current funding crisis in adult social care across the country means that only people who have their own assets, the sale of which can cover their costs, can really have the residential care – when and where – they want. For anyone who doesn't own their own home, it's their local authority that picks up the bill; and if there's a shortfall between what the council can pay and the costs of the care, family members can be asked to top it up.

To make this bad situation even worse, people being funded by the local authorities will have few, if any, choices about where their residential care home will be. This places further stress on them and their friends and families who they may be separated from.

The Salvation Army is calling on the Government to urgently address the crisis in adult social care funding before it hits the most vulnerable people in our society even harder in older age.

Many of the residents in our residential care homes have dementia, and everyone working in these extra-caring environments is especially attuned to the wants, needs and difficulties that people with dementia experience on a daily basis.

Our dementia care awareness programme, called the Butterfly Project, is being introduced in all Salvation Army care homes and day centres. We want to embed the culture we have developed that is sensitive to the needs, situations and experiences of people with dementia.

We have also made it a priority to improve the physical environments of our residential homes and centres so that they are more sympathetic spaces for people with dementia or other sensory impairment. Holt House care home in Prestwick took advice from specialists to design a neutral, communal lounge, complete with smaller 'break out areas'. This is less stressful for residents with dementia and makes it easier for them to interact with visiting friends and families.

Taking the needs of carers into consideration, too, we have also introduced a day respite service at our Furze Hill care home, with plans to open this facility in other settings over the coming months.

As well as improving from within, we are committed to combating the stigma surrounding dementia in wider society too. Initiatives such as Donate a Memory, in partnership with our high street charity shops, encourage customers to think about how they can help bring past memories into the present for people living with dementia, as they donate any item they feel will be the most familiar to them.

Our community churches throughout the UK support people with dementia and their friends and families with a variety of programmes and activities, from dementia-friendly cafes to Singing By Heart communal singing sessions. All these activities are aimed at bringing joy to people living with dementia and demystifying the condition in the process.

Salvation Army community churches are also ahead of the curve by encouraging frank and open discussion about the end of life, too, with Journeying Home sessions which invite guests to celebrate life as they prepare for death. We think that death matters, and that how people prepare for their end of life affects their loved ones and friends, and so we are determined to remove the taboos.

Visit salvationarmy.org.uk/dementia-care to find out more about how The Salvation Army is helping people living with dementia and about end-of-life care and bereavement support, and read the Annual Report for the Central Trust to learn more about local action on dementia.

The work continues...

We will continue to fight on behalf of the one-in-four people over the age of 75 who do not own their own homes to fund their care, and for the growing number of people who will be in the same position as fewer people own their own home and the population continues to age.

Visit www.salvationarmy.org.uk/old-age-renters to learn more about The Salvation Army's campaign for government reforms to adult social care funding on behalf of Old Age Renters.

POVERTY

Salvation Army churches and community centres have always been there, offering immediate solutions, such as food parcels and clothing to people who are struggling to make ends meet. But since changes to the benefit system, there has been a surge in numbers of referrals for food parcels.

Thanks to the generosity of donors and the tireless help of volunteers, local Salvation Army centres have also been able to provide Christmas gifts to help the poorest families in their communities through the festive season. Last year over 3,000 families needed our help at Christmas.

In recent years, our community churches have been offering longer-term help in the form of food banks to increasing numbers of people. But in North Wales, the first place in the UK to introduce Universal Credit, the demand for food banks went up by 50 per cent. What's more, 30 per cent of those accessing the food bank did so specifically because they were waiting for their Universal Credit payments.

Many of our churches and centres have been taking an even more active role in supporting people out of poverty by offering free debt advice and help with applying for benefits. There are currently 14 Salvation Army debt advice services across the UK – last year was their busiest yet – and more are due to open in the coming months and years.

Poverty is on the rise, and we have concerns that the nationwide introduction of Universal Credit – and the delays in benefit payments that come with it – along with the availability of easy, high-interest loans – will only make matters worse for thousands of people who are already experiencing financial hardship.

The work continues...

We will be keeping a close eye on the latest developments regarding Universal Credit, and we will also step up our demands for people who are already moving on to Universal Credit to get easier, faster access to emergency financial support to stop them spiralling into debt if they experience delayed payments.

Bringing the experiences of the many people who use our debt advice service into the public debate, we will be urging Government to work more closely with high street banks, credit unions, charities and other organisations to improve access to affordable credit to low-income households.

We also hope to play our part in preventing people from ever needing credit in the first place, by calling for a greater emphasis on teaching financial capability in schools and colleges.

Read more about how Salvation Army community churches are helping to alleviate poverty in our Annual Report for the Central Trust.

DISABILITY

Approximately eight out of ten people in the UK have a mild or moderate learning disability, but only two in ten of them are in any form of employment. As if this statistic wasn't concerning enough, when we add in people who are registered with more severe learning disabilities, the ratio of employed adults with a learning disability drops to just six in one hundred.

Addressing this injustice is a major priority of ours. That is why we have been steadily improving our services to help more people with disabilities get both practical and classroom-based training with a view to entering long-term employment.

This coming year will see our new Steps to Work scheme swing into action. This is a structured programme that provides life-skills learning, specialist sector training and practical work experience for young people with mild to moderate learning disabilities.

The Salvation Army's partnership with Remploy in Wales will soon be providing similar training and employment opportunities across that region.

Our Hadleigh Training Centre, which forms part of our Hadleigh Farm Estate, has been providing training for people with a range of disabilities since 1990. It currently offers opportunities to learn carpentry, estate management, catering, office skills and customer care.

We recognise that social inclusion is key to helping disabled people take their rightful place in the world. It is equally important to provide opportunities to socialise together and have fun as it is to learn vital life skills such as cooking and staying healthy.

The George Steven Centre in Kilbirnie, Scotland, does just that and so much more with a whole host of activities, including independent living skills, photography and fitness, along with training to help maintain a tenancy and opportunities to serve the public in the centre's Blend-In-Café.

Read more about how The Salvation Army at a local level is helping disabled people train, learn and thrive in our Annual Report for the Central Trust.

EMERGENCIES

Sadly, the number and scale of the tragic events of 2017 meant that our volunteer Emergency Response teams, working from specially adapted Salvation Army catering vehicles, had to be deployed more frequently than anyone could have possibly anticipated. But our teams more than rose to the challenge.

Some 400 officers, staff and volunteers came from around the North West of England to dispense care and support from three emergency vehicles immediately after the attack on the Manchester Arena in May last year.

Tragically, just one month later came the horrific fire at Grenfell Tower. The huge loss of life, the displacement and trauma suffered by survivors and the deep distress experienced by the community at large, meant that the relief effort lasted for many weeks after the actual event.

Our Emergency Response vehicles and volunteers were at the scene for much of that time, providing fire crews and police officers with practical and emotional support which was very welcome respite from the harrowing job of searching for and recovering casualties.

Following the Grenfell Tower disaster, we have worked hard to improve our offer to fire and police crews, should an event of a similar scale ever happen again. Our Emergency Response Strategy has resulted in the appointment of a dedicated Emergency Response Officer.

We're also committed to working even more closely with the emergency services by forging more links with local resilience forums and being active members of the national Voluntary Sector Civil Defence Forum.

Our Notting Hill church, an integral part of the community, offered emotional and psychological support to people living near Grenfell Tower when it was most needed. The church became a reception centre for families awaiting news of missing loved ones and mobilised volunteers to make sure the huge volume of donations was quickly distributed to victims as quickly as possible.

Over a year on, Notting Hill Salvation Army continues to play a vital role in helping bereaved families and affected individuals receive the support they need to recover.

For more information on how we help in emergencies, visit www.salvationarmy.org.uk.

Subsidiaries

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

Raising Funds

The Salvation Army Social Work Trust provides management accounting for The Salvation Army's centrally co-ordinated programme of, principally, residential centres for older people, people experiencing homelessness, and families. The work of the Salvation Army Social Work Trust is therefore outlined in this report.

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

Fundraising for the overall work of The Salvation Army, including the work carried out by The Salvation Army Social Work Trust, is managed and funded by The Salvation Army Trust, a separate trust from The Social Work Trust whose report and accounts form a sister publication to these reports and accounts. The Salvation Army Trust therefore raises all funds, and 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: Central Trust'. The relationship between the two trusts is referenced throughout the reports and accounts for both trusts.

No active fundraising is carried out by The Salvation Army Social Work Trust. All reporting on fundraising activities and necessary disclosures are documented in the report and accounts for The Salvation Army Trust.

REVIEWING FINANCES

Income

	2018	2017
	£m	£m
Charitable activities:		
Centres' revenue income	64.4	63.8
Other social operations	20.4	15.8
Housing association turnover	27.5	17.1
	112.3	96.7
Legacies and donations	5.7	2.2
Grants from Central Trust	13.9	13.9
Investment and rental income	3.0	2.3
Other income	0.6	61.9
Total income	135.5	177.0

Centres' revenue income

The main elements are:

- charges for residents in our care homes for older people (£13.2 million)
- charges for residents in our Lifehouses (£26.1 million)
- income received under contracts with local authorities, principally Supporting People contracts (£21.1 million)

Other social operations

The main elements are:

- Employment Plus (£1.3 million)
- Anti-Trafficking (£18.7 million)
- Defence Services (£0.2 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 wholly owned subsidiary of the Social Work Trust, adjusted to reflect the accounting policies and reporting requirements of the Social Work Trust.

Legacies and donations

Legacies of £1.7m and donations of £3.9m were received in the current year.

Grants from Central Trust

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

Other income

This relates mostly to the transfer of Chapter I net assets to Saha in the preceding year and gains on the disposal of properties.

Expenditure

	2018	2017
	£m	£m
Charitable activities:		
Centres' operations	86.5	81.6
Other social operations	22.4	18.3
Housing association operating costs	30.5	16.1
	139.4	116.0
Cost of raising funds	0.7	0.8
Total expenditure	140.1	116.8

Centres' operations

This represents the operating costs of care homes for older people, Lifehouses, detox centres, day care centres and other non-residential projects. Increased costs as a result of new centres have been offset by the closure of other centres.

Other social operations

The increased costs reflect the increase in the number of victims of trafficking being helped by our service. This has been offset by a reduction in the costs of Employment Plus as a result of reduced activity.

Housing Association operating costs

Operating costs have increased significantly as a result of the takeover of Chapter 1 Charity Ltd and its portfolio of social housing properties.

Net gains/(losses) on investments

There has been an unrealised gain on investments of £0.6 million (2017: gain of £14.4 million).

Funds

The Social Work Trust (excluding Saha results) has generated a deficit of £1.5 million compared to a surplus of £18.4 million in the previous year.

Total funds at the year end were as follows:

	2018	2017
	£m	£m
Endowment funds	12.9	12.9
Restricted funds:		
Social Work Fund	64.9	66.8
Social Work projects	38.5	31.0
Defence Services	-	0.1
Saha operations	143.2	145.6
Total restricted funds	246.6	243.5
Unrestricted funds:		
Designated funds	24.0	24.0
Unrealised investment gains	45.9	45.3
General reserve	23.7	31.4
Total unrestricted funds	93.6	100.7
Total funds	353.1	357.1

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 expenditure incurred on 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.

INVESTING FOR THE FUTURE

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

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

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

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

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

Asset Class	Benchmark	Range
	%	%
Equities:		
UK	40	+/-10
Europe (ex UK)	15	+/-10
Emerging markets	15	+/-10
Asia Pacific	10	+/-10
United States	10	+/-10
Bonds	0	+/-10
Property	10	+/-10
Cash	0	+10
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The aims and objectives of the Common Investment Funds are as follows:

CIFI

Fund strategy is:

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

The performance objective of the Fund is to achieve an annual total return which exceeds the composite benchmark below by at least 1.25 per cent per annum, gross of fees, measured over rolling three-year periods, commencing 1 January 2010.

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, is to achieve an annual total return which exceeds the composite benchmark below by at least 1.25 per cent per annum, gross of fees, measured over rolling three-year periods commencing 1 January 2010.

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)	4.3	4.1
Benchmark return	4.3	4.3

CIF1 matched the benchmark over the year. CIF2 slightly underperformed the benchmark, driven by underperformance by Sarasin and Cazenove, and, to a lesser extent, by Lothbury. The extent of the underperformance, in absolute terms, of both Sarasin and Cazenove was less than that reported in 2017. Cazenove stated stock-specific issues in UK equities as the main cause of its underperformance. Sarasin cited its conservative portfolio construction technique with focus on the potential for long-term returns. Both managers remain positive that their approach is for the long-term benefit of the CIFs.

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

	CIF1	CIF1	CIF1	CIF2	CIF2	CIF2
	2018	2017	2016	2018	2017	2016
	%	%	%	%	%	%
(Decrease)/Increase in capital value of fund	0.5	20.0	(6.1)	0.7	18.9	(6.5)
Average net income return	2.0	1.7	2.1	2.3	2.0	2.2

RESERVES POLICY

Our reserves policy focuses on the level of general reserves.

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

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

The level of general reserves is reviewed on a regular basis taking into account the risks and changes in the income and expenditure streams. The directors consider that the charity requires general reserves of approximately £31 million. As at the year end general reserves amounted to £23.7 million. The directors regularly review the charity's operations and its various reserves to allow it to increase general reserves to the required level.

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.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Salvation Army, founded in 1865 by William and Catherine Booth, is an unincorporated association with charitable objects, currently operating in 128 countries. Under Section 4(1) of The Salvation Army Act 1980, world leadership of the Movement is provided by the General of The Salvation Army. The General is assisted by officers and staff based at International Headquarters in London.

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

The Salvation Army's property in the United Kingdom Territory is held by The Salvation Army Trustee Company, a company limited by guarantee, registered in England (No 00259322), with its registered office at 101 Newington Causeway, London SE1 6BN. The General of The Salvation Army appoints the directors of the Trustee Company subject to the requirements of the Charity Commission.

The governing instrument 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 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 (Central Funds), Registration No 214779 in England and SCO09359 in Scotland

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

Salvation Army Housing Association

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

RECRUITMENT AND APPOINTMENT OF DIRECTORS (TRUSTEES)

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

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

Training and Induction of Directors

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

Organisational Structure and Decision Making

SATCo's board (the 'Board') is assisted by a senior management committee ('Cabinet'), an Audit Committee, a Nominations Committee, an Investment Advisory Committee and a Risk Management Committee. Cabinet comprises senior Salvation Army officers. It is responsible for considering mission-related issues. 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. As stated above, the Nominations Committee recommends new non-executive Board members. The Investment Advisory Committee includes four external advisers in its membership and advises on appropriate investments. The Risk Management Committee is referred to below under Risk Management.

The Board meets monthly (excluding August). In addition to its oversight and governance role, the following matters require consideration and approval by the full Board:

- annual budget
- expenditure in excess of £1 million
- investment policy, on the recommendation of the Investment Advisory Committee
- Risk Register
- key policies
- Annual Financial Statements

A sub-committee of the Board, the Territorial Finance Board, meets weekly. The Territorial Finance Board has delegated authority to authorise expenditure from £250,001 to £1,000,000, and all property purchases.

Directors' Responsibilities

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

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

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

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

Key Management Remuneration

Key management personnel of The Salvation Army comprise Salvation Army officers and employees. As Salvation Army officers do not receive a salary, they receive an allowance based on length of service and, as ministers of religion, are provided with furnished accommodation and a motor vehicle. The allowances received by officers in positions of key management range from £13,186 to £18,088 per annum.

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

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

Risk Management

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

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

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

The RMC has continued to strengthen risk management by developing and monitoring Key Performance Indicators and Key Risk Indicators to provide early indication of changes to our risk exposure.

Principal Risks

The following were identified as principal risks in 2017/18.

Principal Risks	Mitigation
CYBER SECURITY – The risk is that we fail to protect our information systems and the information they hold from malicious attacks resulting in a security breaches, loss of service, damage to our reputation and fines.	Cyber and information security controls are in place and are regularly reviewed.
DATA PROTECTION – The risk is that we fail to protect sensitive and personal data resulting in regulatory non-compliance, damage to our reputation and financial penalties.	Our main focus has been to bring the Territory into compliance with the General Data Protection Regulation (GDPR). This has included: Auditing and documenting personal data processing across the Territory for GDPR compliance Putting in place policies, procedures and supporting guidance Introducing mandatory data protection training for staff, officers and volunteers Amending contracts
FINANCIAL SUSTAINABILITY – The risk is that there is insufficient revenue income and reserves to support our operating model resulting in the failure of The Salvation Army to thrive in a rapidly changing environment.	We continue to monitor the funding situation and adjust our financial planning and commitments accordingly to ensure we are financially resilient.

<p>HUMAN RESOURCES – The risk is that we are unable to attract, develop and retain staff of the right qualities and capabilities to enable The Salvation Army to effectively function and thrive.</p>	<p>The way we recruit is regularly reviewed to help us attract and appoint the best possible candidates.</p> <p>Personnel development programmes and learning tools are in place to assist our people to develop their skills and capabilities.</p>
<p>SAFEGUARDING – The risk is that we fail to provide a safe environment, free from abuse, for everyone, including vulnerable beneficiaries. This could put people at risk, damage our reputation, reduce donations and result in financial penalties.</p>	<p>We have clear policies and procedures in place for safeguarding and ensure the appropriate screening, training and supervision of staff.</p> <p>The Territorial Safeguarding Committee oversees management of the risk.</p> <p>Risks have been reviewed during the year.</p>
<p>SAFE MISSION – The risk is that we are not able to ensure the health, safety and welfare of personnel, service users and members of the public who are affected by our activities. This could put our personnel and benefactors at risk, damage our reputation and result in regulatory non-compliance and financial penalties.</p>	<p>Comprehensive policies, procedures and guidance are in place, alongside a supervisory control framework.</p>

Colonel Lee Graves

On behalf of the Directors of The Salvation Army Trustee Company

8 December 2018

DIRECTORS

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

Commissioner Clive Adams ²	Chairman (Resigned 31.12.2017)
Commissioner Lyndon Buckingham.....	Chairman (Appointed 02.02.18 & Resigned 02.08.18)
Commissioner Anthony Cotterill.....	Chairman (Appointed 03.08.18)
Colonel David Hinton ²	Deputy Chairman (Resigned 31.10.18)
Colonel William Graves ²	Deputy Chairman (Appointed 09.11.18)
Lieut-Colonel Alan Read ^{2,4,6,7}	Managing Director
Lieut-Colonel Alan Burns ⁶	(Appointed 09.06.17)
Lieut-Colonel Michael Caffull ² Caroline Emerton.....	(Resigned 14.08.17)
Lieut-Colonel Michael Highton ⁴	(Appointed 13.10.17)
Major Judith Hilditch ^{2,7}	(Appointed 08.09.17)
Lieut-Colonel Melvin Fincham ²	(Resigned 01.11.17)
Lieut-Colonel Suzanne Fincham.....	(Resigned 06.07.17)
Peter Gale ^{1,4,7} Colonel Sylvia Hinton ²	(Resigned 31.10.18)
Colonel Deborah Graves ²	(Appointed 09.11.18)
Lieut-Colonel David Kelly ⁶	(Appointed 10.11.17)
Lieut-Colonel Paul Main ²	(Resigned 11.05.18)
Keith Manners ² Lieut-Colonel Beverley McCombe ⁶	(Appointed 07.09.18)
Helen O'Brien ^{1,5} Lieut-Colonel George Pilkington.....	(Resigned 01.06.17)
Mark Puller ¹	(Appointed 07.09.18)
Graham Roper ¹ Philip Sourry ¹	(Resigned 08.06.18)
Andrew Stickland ^{1,3}	(Appointed 13.07.18)

¹ External non-executive director

⁵ Member of Risk Management Committee

² Directors ex officio

⁶ Ex officio Member of Risk Management Committee

³ Member of Audit Committee

⁷ Member of Investment Advisory Committee

⁴ Member of Nominations Committee

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

Additional Committee Members

Nominations Committee:

Elliot Thomas

Risk Management Committee:

David Rice, Major David Jackson, Major Howard Russell, Julius Wolff-Ingham, Daniel Wills

Investment Advisory Committee:

Mark Colton, William Dalziel, Major Andrew Gaudion, Mary Haly, Philip Rotherham

Audit Committee:

John Benias, Stephen Bright, Joseph Ryan

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, Chartered Accountants, 8/9 Well Court, London EC4M 9DN

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

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 2018 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 2018 and of the group's incoming resources and application of resources, for the year then ended;
- b) have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- c) have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustees Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

- the trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

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

OTHER INFORMATION

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- the information given in the Trustee's Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEE

As explained more fully in the trustee's responsibilities statement, the trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the charity or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. 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.

**8/9 Well Court
London EC4M 9DN**

14 December 2018



**Knox Cropper
Chartered Accountants
Registered Auditors**

Knox Cropper 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 2018

				2017	2018
				Restated	Total
	Note	Endowments £000	Restricted £000	Unrestricted £000	Total £000
INCOME AND ENDOWMENTS FROM:					
Donations and Legacies					
Grants receivable: Central Trust		-	-	13,858	13,858
Donations		-	409	1,345	1,754
Legacies		-	3,457	483	3,940
		-	3,866	15,686	19,552
Charitable Activities					
Centres' operations	2	-	3,365	61,053	64,418
Other social operations	3	-	7	20,362	20,369
Housing Association turnover	13(a)	-	27,527	-	27,527
		-	30,899	81,415	112,314
Investments	4	-	453	2,506	2,959
Other					
Gains on disposal of fixed assets	5	-	402	230	632
Transfer of Housing Association net assets	13(b)	-	-	-	44,674
TOTAL INCOME		-	35,620	99,837	135,457
EXPENDITURE ON:					
Raising Funds					
Fundraising activities	6	-	-	700	700
Investment management costs		-	-	47	47
		-	-	747	747
Charitable Activities					
Centres' operations	8	-	3,226	83,267	86,493
Other social operations	9	-	14	22,405	22,419
Housing Association operating costs	13(a)	-	30,463	-	30,463
	7	-	33,703	105,672	139,375
TOTAL EXPENDITURE	10	-	33,703	106,419	140,122
Net Gains/(Losses) on Investments	17	83	6	577	666
NET INCOME/(EXPENDITURE)		83	1,923	(6,005)	(3,999)
Transfers between Funds *		-	1,173	(1,173)	-
NET MOVEMENT IN FUNDS		83	3,096	(7,178)	(3,999)
RECONCILIATION OF FUNDS:					
Total Funds brought forward (as restated)	21/22/23	12,882	243,562	100,705	357,149
TOTAL FUNDS CARRIED FORWARD		12,965	246,658	93,527	353,150

All income and expenditure has arisen from continuing activities. £1,513,000 of the net expenditure of funds disclosed above arises in the parent charity (2017: net income of £19,016,000). 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.

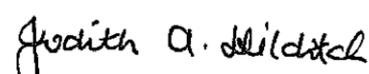
BALANCE SHEET AS AT 31 MARCH 2018

	Note	Group		Parent	
		2018 £000	2017 restated £000	2018 £000	2017 £000
FIXED ASSETS					
Tangible Fixed Assets					
Properties	14	232,792	238,463	64,941	66,782
Property schemes in progress	15	7,193	2,467	3,519	1,790
Motor vehicles and equipment	16	1,168	1,672	261	254
Investments	17	101,089	100,423	101,089	100,423
TOTAL FIXED ASSETS		342,242	343,025	169,810	169,249
CURRENT ASSETS					
Stocks		76	109	76	109
Debtors and prepayments	18	16,445	11,944	15,132	10,204
Short-term deposits		20,094	27,171	20,094	27,171
Bank balances and cash		35,340	34,461	15,813	13,741
		71,955	73,685	51,115	51,225
CREDITORS: Amounts falling due within one year	19(a)	(28,289)	(15,471)	(10,992)	(9,028)
NET CURRENT ASSETS		43,666	58,214	40,123	42,197
TOTAL ASSETS LESS CURRENT LIABILITIES		385,908	401,293	209,933	211,446
Creditors: Amounts falling due outside one year	19(b)	(32,758)	(44,090)	-	-
TOTAL NET ASSETS		353,150	357,149	209,933	211,446
FUNDS					
Endowment Funds	21	12,965	12,882	12,965	12,882
Restricted Funds	22				
Social Work Fund		64,941	66,782	64,941	66,782
Other Restricted Funds		181,717	176,780	38,500	31,077
		246,658	243,562	103,441	97,859
Unrestricted Funds	23	93,527	100,705	93,527	100,705
TOTAL FUNDS	24	353,150	357,149	209,933	211,446

Approved on behalf of The Salvation Army Trustee Company on 14 December 2018 by:



Lieut-Colonel Alan Read (Director)



Major Judith Hilditch (Director)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net Cash provided by/(used in) operating activities	25		(568)		4,105
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment and rental income		2,959		2,329	
Additions to properties		(522)		(464)	
Additions to motor vehicles and equipment		(652)		(421)	
Additions to property schemes in progress		(4,726)		(2,690)	
Proceeds on disposal of motor vehicles and equipment		-		4	
Purchase of investments		-		(17,051)	
Proceeds on disposal of properties		858		9,106	
Management of short-term deposits		7,077		8,633	
Cash introduced on acquisition		-		1,778	
Net Cash provided by investing activities			4,994		1,224
CASH FLOWS FROM FINANCING ACTIVITIES:					
Interest payable		(1,456)		(1,141)	
(Decrease)/Increase in Bank Loans		(2,091)		7,687	
Net Cash provided by/(used in) financing activities			(3,547)		6,546
Change in Cash and Cash Equivalents in the year			879		11,875
Cash and Cash Equivalents at the beginning of the year			34,461		22,586
Cash and Cash Equivalents at the end of the year			35,340		34,461

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

I. ACCOUNTING POLICIES

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

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention, subject to the inclusion of certain financial instruments at fair value and donated properties at valuation on acquisition, and are in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', The Salvation Army Act 1980, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

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

(b) Basis of Consolidation

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

Saha acquired control of Chapter 1 Charity Ltd on 23 March 2017 for no consideration with a Transfer of Engagements in September 2017. The net assets of Chapter 1 were consolidated into the accounts for the year ended 31 March 2017 at fair values as a gain on acquisition. The results of Saha and Chapter 1 subsequent to the above dates are consolidated within these accounts.

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

i. Financial instrument classification

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

ii. Capitalisation of property improvement and development costs

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

iii. Useful lives of property, motor vehicles and equipment

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

iv. Bad debt provision

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

v. Multi-employer pension obligations

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

(d) Income

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

(e) Expenditure

- i. Total expenditure includes:

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

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

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

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

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

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

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

The Salvation Army Housing Association (Saha) participates in the Social Housing Pension Scheme, a multi-employer defined benefit scheme. The scheme's actuary has confirmed that it is not possible to allocate the assets and liabilities of the scheme to 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. The rate used is determined by reference to market yields at the reporting date on high quality bonds. Saha also contributes to the auto-enrolment SHPS defined contribution pension scheme, the contributions on which are charged when payments to the pension scheme fall due.

Chapter 1 operates a defined contribution pension scheme (the Pension Trust Growth Plan) and 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 and Chapter 1 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. Depreciation is provided on tangible fixed assets at the following rates:

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

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

(g) Investments

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

(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 by the parent on the acquisition, construction and improvement of freehold and leasehold properties.
- iii. Restricted Funds are held for restricted purposes, as specified by the donors. It is the Trustee's intention that Saha continues to operate autonomously. All Saha and Chapter I 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

	2018					2017	
	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	12,191	-	-	83	7	12,281	12,450
Single Homeless	8,922	5,380	-	69	1,232	15,603	15,780
Family and Children	806	863	-	352	642	2,663	2,489
Day Care	319	206	-	14	55	594	390
Addictions	327	283	-	-	-	610	622
Probation	38	-	-	173	-	211	303
Other Non-Residential Programmes	54	1,854	-	1,202	851	3,961	4,318
	<u>22,657</u>	<u>8,586</u>	<u>-</u>	<u>1,893</u>	<u>2,787</u>	<u>35,923</u>	<u>36,352</u>
Housing Association Centres							
Older People	1,026	-	-	-	1	1,027	984
Single Homeless	15,469	9,076	-	480	239	25,264	24,414
Family and Children	645	875	-	153	9	1,682	1,740
Addictions	111	12	-	12	-	135	159
	<u>17,251</u>	<u>9,963</u>	<u>-</u>	<u>645</u>	<u>249</u>	<u>28,108</u>	<u>27,297</u>
Social Enterprise	-	-	-	-	387	387	121
Total 2018	<u>39,908</u>	<u>18,549</u>	<u>-</u>	<u>2,538</u>	<u>3,423</u>	<u>64,418</u>	<u>63,770</u>
Total 2017	<u>40,199</u>	<u>16,975</u>	<u>2,465</u>	<u>2,752</u>	<u>1,379</u>	<u>63,770</u>	<u>63,770</u>

£3,365,000 (2017: £3,317,000) of centres' revenue income represents contracts restricted income predominantly being funding received from local authorities to fund the activities at specific centres.

3. OTHER SOCIAL OPERATIONS

	Endowments £000	Restricted £000	Unrestricted £000	2018 Total £000	2017 Total £000
Employment Plus	-	-	1,344	1,344	1,430
Anti-Human Trafficking	-	-	18,784	18,791	14,173
Defence Services Operations	-	7	158	158	159
Family Tracing, Counselling etc	-	-	47	47	38
Sundry income	-	-	29	29	34
	-	7	20,362	20,369	15,834

4. INVESTMENTS

	Restricted £000	Unrestricted £000	2018 Total £000	2017 Total £000
Dividend and Interest receivable	453	2,107	2,560	2,058
Rents receivable	-	399	399	271
	453	2,506	2,959	2,329

5. OTHER INCOME

	Endowments £000	Restricted £000	Unrestricted £000	2018 Total £000	2017 Total £000
Gain on disposal of properties	-	402	230	632	7,884
Gain on disposal of motor vehicles and equipment	-	-	-	-	4
	-	402	230	632	7,888

6. FUNDRAISING ACTIVITIES

	Endowments £000	Restricted £000	Unrestricted £000	2018 Total £000	2017 Total £000
Contribution towards the costs of the Central Trust Fundraising Department	-	-	700	700	700

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

7. ANALYSIS OF COSTS OF CHARITABLE ACTIVITIES

	Endowments £000	Restricted £000	Unrestricted £000	2018 Total £000	2017 Total £000
Centres' Operations (Note 8)	-	3,226	83,267	86,493	81,546
Other Social Operations (Note 9)	-	14	22,405	22,419	18,345
Saha Operating Costs (Note 13)	-	30,463	-	30,463	16,146
	-	33,703	105,672	139,375	116,037

8. ANALYSIS OF CENTRES' OPERATIONS COSTS

	2018						2017
	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
Social Services Centres							
Older People	9,458	1,205	679	1,646	2,232	32	15,252
Single Homeless	9,206	791	4,632	4,988	1,761	72	21,450
Family and Children	1,857	50	189	277	579	5	2,957
Day Care Centres	260	66	133	141	109	1	710
Addictions	601	14	74	169	306	2	1,166
Probation	280	9	46	21	66	-	422
Other Non-Residential Programmes	4,331	515	996	1,742	1,890	20	9,494
	25,993	2,650	6,749	8,984	6,943	132	51,451
Housing Association Centres							
Older People	686	105	52	67	320	3	1,233
Single Homeless	14,237	2,873	1,753	2,686	9,497	82	31,128
Family and Children	1,090	46	77	240	293	2	1,748
Addictions	32	102	16	7	227	2	386
	16,045	3,126	1,898	3,000	10,337	89	34,495
Social Enterprise	231	54	55	66	140	1	547
Total Costs 2018	42,269	5,830	8,702	12,050	17,420	222	86,493
Total Costs 2017	38,629	5,592	11,461	12,702	12,846	316	81,546

Governance costs include external audit fees of £144,000 (2017: £144,000).

8. ANALYSIS OF CENTRES' OPERATIONS COSTS (Cont)

Support Costs consist of,	2018	2017
	£	£
Centres' Management Support Costs	11,157	6,763
Other Support Costs		
Personnel	923	669
Business Administration	3,669	3,829
Communications	584	624
Secretariat	1,012	874
Mission Service Management	75	87
	17,420	12,846

9. OTHER SOCIAL OPERATIONS

	Endowments	Restricted	Unrestricted	2018	2017
	£000	£000	£000	Total	Total
				£000	£000
Employment Plus	-	-	2,259	2,259	2,528
Anti-Human Trafficking	-	14	18,361	18,375	13,843
Defence Services Operations	-	-	304	304	261
Family Tracing, Counselling, etc	-	-	1,481	1,481	1,713
	-	14	22,405	22,419	18,345

10. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff Costs	Depreciation	Other Costs	2018	2017
	£000	£000	£000	Total	Total
				£000	£000
Raising funds	-	-	747	747	761
Charitable activities	50,221	7,123	82,031	139,375	116,037
	50,221	7,123	82,778	140,122	116,798

II. PERSONNEL

	Parent	2018 Subsidiary	2018 Total	2017 Total
	£000	£000	£000	£000
Allowances and salaries	36,397	7,650	44,047	43,761
Social security costs	2,824	582	3,406	3,105
Pension Fund contributions	2,093	507	2,600	2,324
Redundancy costs	168	-	168	31
	41,482	8,739	50,221	49,221

Redundancy Costs

Redundancy costs relating to employees in the Social Work Trust amounted to £168,410 (2017: £31,000). These costs are the result of staff restructuring at centres and closure of centres. Redundancy costs are recognised once a decision to make a post redundant has been communicated to an individual or the workforce.

The average number of officers and employees was:

	2018 No.	2017 No.
Trust		
Number of officers	42	78
Number of employees	2,153	1,874
	2,195	1,952
Subsidiary	225	135
Total	2,420	2,087

Higher-Paid Employees

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

	Parent	2018 Subsidiary	2018 Total	2017 Total
	No.	No.	No.	No.
£60,001 - £70,000	5	2	7	10
£70,001 - £80,000	-	2	2	1
£80,001 - £90,000	1	-	1	2
£90,001 - £100,000	1	3	4	1
£100,001 - £110,000	-	1	1	1
£110,001 - £120,000	-	-	-	1
£120,001 - £130,000	-	1	1	-
£130,001 - £140,000	-	-	-	1
	7	9	16	17

Trustees' Remuneration

The directors of The Salvation Army Trustee Company comprise Salvation Army officers and employees and other external directors with specialist expertise. All active Salvation Army officers receive an allowance based on length of service and, as ministers of religion, are provided with furnished accommodation and a motor vehicle. They are also members of The Salvation Army Retired Officers Allowance Fund. The allowances received by the officers serving as directors ranged from £13,186 to £18,088 per annum and they did not receive any additional remuneration for their duties as directors. There was one director who was an employee and received remuneration as an employee of £113,545 in total. The other directors did not receive any remuneration. No allowances or salaries paid to any of the directors are charged direct to the Social Work Trust.

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

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

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

Key Management Personnel

The key management personnel of the Trust are those persons having authority and responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly, including the directors of The Salvation Army Trustee Company as the Corporate Trustee of the Trust. The Trustee considers the key management personnel of the Trust to be the executive directors (officers and employees) of the Board. The total aggregate remuneration paid to key management personnel during the year was £413,657 (2017: £393,959). As detailed above, no allowances or salaries paid to any of the directors are charged directly to the Social Work Trust.

12. PENSION COSTS

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

- i. The Salvation Army Officers Pension Fund relating to Salvation Army officers
- ii. The Salvation Army Employees Pension Fund for other staff; and
- 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 Employees Pension Scheme to new members with effect from 31 December 2011.

In addition, the Salvation Army Housing Association contributes to the Social Housing Pension Scheme.

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

(a) SALVATION ARMY RETIRED OFFICERS ALLOWANCE FUND

The Salvation Army Retired Officers Allowance Fund was established by The Salvation Army Act 1963 under the legal name, The Salvation Army Officers Pension Fund. It is a registered charity and operates on the same basis as a defined benefit scheme but the benefits are not guaranteed. It is non-contributory by the officer, but a contribution per officer, at present £4,525 per annum (2017: £4,235), is made by The Salvation Army. Officers in both principal Trusts (The Salvation Army Central Funds and The Salvation Army Social Work Funds) participate in the scheme and it is not possible to allocate the assets and liabilities of the Fund between the Trusts. Therefore the fund is accounted for as a multi-employer pension fund.

The Salvation Army Retired Officers Allowance Fund was subject to a triennial actuarial review on 31 March 2016 and this was based on the following principal assumptions:

Post-retirement discount rate	3.3% per annum
Pre-retirement discount rate	4.0% per annum
Rate of increase in allowances and pensions	3.5% per annum
Management expenses	4% of future ordinary contributions
Rate of inflation	3.0% per annum

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

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

Although the pension benefits are not guaranteed, they do represent a constructive liability as there are expectations that the pensions will be paid. Therefore a provision has been made in The Salvation Army Central Funds for the total discounted value of the future capital contributions which they have agreed to pay. This amounted to £18.7m at the year end.

(b) SALVATION ARMY EMPLOYEES PENSION FUND

The Salvation Army Employees Pension Fund is a funded defined benefit scheme. The contribution rate payable by members was 8% of pensionable salaries and the employer's contribution was 13.8% 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 2015.

The review was based on the following assumptions:

Post-retirement discount rate	2.8% per annum
Pre-retirement discount rate	4.3% per annum
Rate of salary increases	3.8% per annum
Rate of pension increase	
On pensions accrued before 6 April 2006	3.1% per annum
On pensions accrued after 6 April 2006	2.1% per annum
Inflation: RPI	3.3% per annum
CPI	2.8% per annum
Deferred pension increases (pre 6 April 2009)	2.8% 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 £139.5m and the value of technical provisions amounted to £145.2m giving rise to a funding shortfall of £5.7m.

The trustees and employers agreed a recovery plan to eliminate the shortfall which involved lump sum payments into the fund by each of the employers. The amount payable by The Salvation Army Social Work Trust amounted to £1,837,314, which included £312,078 additional employer contributions for the year to 31 March 2016, and this was accounted for in that financial year. Taking account of the movement in investment values and of the current assets and liabilities at the year end, the net assets of the Fund at 31 March 2018 was £167,828,910 (2017: £164,258,779).

(c) SOCIAL HOUSING PENSION SCHEME (SHPS)

The Salvation Army Housing Association (Saha) participates in the SHPS operated by The Pensions Trust, an independent administrator of Pension Funds. The scheme is a funded multi-employer defined benefit scheme contracted out of the state scheme. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme, and 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, sets 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 with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3.123m, liabilities of £4.446m and a deficit of £1.323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

DEFICIT CONTRIBUTIONS:

Tier 1 £40.6m per annum
From 1 April 2016 to 30 September 2020: (payable monthly and increasing by 4.7% each year on 1 April)

Tier 2 £28.6m per annum
From 1 April 2016 to 30 September 2023: (payable monthly and increasing by 4.7% each year on 1 April)

Tier 3 £32.7m per annum
From 1 April 2016 to 30 September 2026: (payable monthly and increasing by 3.0% each year on 1 April)

Tier 4 £31.7m per annum
From 1 April 2016 to 30 September 2026: (payable monthly and increasing by 3.0% each year on 1 April)

The scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2.062m, liabilities of £3.097m and a deficit of £1.035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 and 3 deficit contributions.

DEFICIT PROVISION FOR DEFINED BENEFIT SCHEME

	2018	2017
	£000	£000
Pension Provision		
Present Value of Provision for Defined Benefit Scheme - SHPS	2,124	2,434
Present Value of Provision for Growth Plan		
Saha	17	19
Chapter 1	198	223
Total Provision	2,339	2,676

	2018	2017
	£000	£000
Pension Provision		
Due within one year	349	312
Due after more than one year	1,990	2,364
Total Provision	2,339	2,676

Where the scheme is in deficit and where Saha has agreed to a deficit funding arrangement, Saha 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 VALUES OF PROVISION

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	2018 £000	2017 £000
Provision at start of period	2,676	2,630
Chapter I on transfer	-	223
Unwinding of the discount factor (interest expense)	34	51
Deficit contribution paid	(325)	(301)
Remeasurements – impact of any change in assumptions	(46)	73
Remeasurements – amendments to the contribution schedule	-	-
Provision at end of period	2,339	2,676

IMPACT ON STATEMENT OF FINANCIAL ACTIVITIES

	2018 £000	2017 £000
Total Charge/(Credit)	(325)	(177)
	(325)	(177)

ASSUMPTIONS

	2018 % per annum	2017 % per annum	2016 % per annum
Rate of discount			
Growth Plan	1.71	1.32	2.07
Defined benefit scheme	1.72	1.33	2.06

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.

EMPLOYER DEBT

Salvation Army Housing Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme based on the financial position of the Scheme as at 30 September 2016. As of this date the estimated employer debt for Saha was £20,642,063 (2015: £15,742,512), and for the defined contribution scheme (AVCs) the employer debt was £40,656 (2015: £34,999).

EMPLOYER PENSION CONTRIBUTIONS

	2018 £000	2017 £000
Defined Benefit Employer Contributions including Deficit Contributions	401	391
Growth Plan Deficit Contributions	15	2
Auto-enrolment SHPS	91	20
	507	413

The defined benefit pension cost for Saha was £400,852 (2017: £391,015) covering 36 employees (2017: 33 employees). The pension cost is assessed in accordance with the advice of a qualified actuary using the Projected Unit Fund Method and is not materially different from that arising from the current employer's contribution rate. 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 (2017: £Nil). Deficit contributions of £14,529 (2017: £2,064) were paid during the year in respect of the AVCs.

AUTO-ENROLMENT SHPS

As a result of the introduction of pensions 'auto-enrolment' by the Government, the cost of the new defined contribution scheme was £91,440 (2017: £19,897) covering 355 employees (2017: 102 employees).

MONEY PURCHASE SCHEME

Saha also participates in a defined contribution scheme where the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the financial year.

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

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

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

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

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

	2018		2017	
	£000	£000	£000	£000
Turnover		27,527		16,455
Grants Received		-		680
		<u>27,527</u>		<u>17,135</u>
Operating Costs				
Staff Costs	(8,006)		(5,440)	
Other Costs	(15,848)	(23,854)	(6,560)	(12,000)
Interest Payable		(1,456)		(1,141)
Property Depreciation		(5,227)		(2,952)
Tax		74		(53)
Gain on Disposal of Assets		402		305
Interest Receivable		48		57
		<u>(2,486)</u>		<u>1,351</u>

14. PROPERTIES

GROUP	Freehold £000	Leasehold £000	Total £000
Cost or Valuation			
Balance at 1 April 2017 (restated)	231,888	49,334	281,222
Additions during the year	515	7	522
Schemes completed during the year	-	-	-
	232,403	49,341	281,744
Less: Disposals	(251)	-	(251)
Balance at 31 March 2018	232,152	49,341	281,493
Accumulated Depreciation			
Balance at 1 April 2017	32,643	10,116	42,759
Charge for the year	4,291	1,676	5,967
Less: Disposals	(25)	-	(25)
Balance at 31 March 2018	36,909	11,792	48,701
Net Book Value at 31 March 2018	195,243	37,549	232,792
Net Book Value at 31 March 2017 (restated)	199,245	39,218	238,463

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

PARENT	Freehold £000	Leasehold £000	Total £000
Cost			
Balance at 1 April 2017	91,893	693	92,586
Additions during the year	-	-	-
Schemes completed during the year	-	-	-
	91,893	693	92,586
Less: Disposals	-	-	-
Balance at 31 March 2018	91,893	693	92,586
Accumulated Depreciation			
Balance at 1 April 2017	25,751	53	25,804
Charge for the year	1,827	14	1,841
Less: Disposals	-	-	-
Balance at 31 March 2018	27,578	67	27,645
Net Book Value at 31 March 2018	64,315	626	64,941
Net Book Value at 31 March 2017	66,142	640	66,782

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

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

Properties and schemes in progress have attracted capital funding from the Homes and Communities Agency of £142.511 million. Should these properties be sold, this amount will be repayable to the Homes and Communities Agency (the amounts repayable being limited by the proceeds of sale) unless the Homes and Communities Agency consent to this funding being recycled to other schemes.

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

15. PROPERTY SCHEMES IN PROGRESS

	Group		Parent	
	2018 £000	2017 £000	2018 £000	2017 £000
Balance at 1 April 2017	2,467	5,291	1,790	1,392
Additions during the year	4,726	2,690	1,729	398
	7,193	7,981	3,519	1,790
Property schemes capitalised during the year	-	(5,497)	-	-
Scheme's revenue expenditure	-	(17)	-	-
Balance at 31 March 2018	7,193	2,467	3,519	1,790

16. MOTOR VEHICLES AND EQUIPMENT

GROUP	Motor	Equipment £000	Total £000
	Vehicles £000		
Cost			
Balance at 1 April 2017	951	2,945	3,896
Additions during the year	122	530	652
Disposals	-	(166)	(166)
Balance at 31 March 2018	1,073	3,309	4,382
Accumulated Depreciation			
Balance at 1 April 2017	726	1,498	2,224
Charge for the year	110	1,046	1,156
Disposals	-	(166)	(166)
Balance at 31 March 2018	836	2,378	3,214
Net Book Value at 31 March 2018	237	931	1,168
Net Book Value at 31 March 2017	225	1,447	1,672

PARENT

	Motor Vehicles £000	Equipment £000	Total £000
Cost			
Balance at 1 April 2017	951	64	1,015
Additions during the year	122	3	125
Disposals	-	-	-
Balance at 31 March 2018	1,073	67	1,140
Accumulated Depreciation			
Balance at 1 April 2017	726	35	761
Charge for the year	110	8	118
Disposals	-	-	-
Balance at 31 March 2018	836	43	879
Net Book Value at 31 March 2018	237	24	261
Net Book Value at 31 March 2017	225	29	254

17. FIXED ASSET INVESTMENTS

GROUP AND PARENT

	Unlisted £000	Units in CIF1 £000	Units in CIF2	Total £000
Cost/Market Value at 1 April 2017	6	2,891	97,526	100,423
Additions	-	-	-	-
Unrealised Gains on investments	-	13	653	666
Cost/Market Value at 31 March 2018	6	2,904	98,179	101,089

At 31 March 2018, 1,349,842 units (2017: 1,349,842) were held in The Salvation Army Common Investment Fund No 1 with a unit value of £2.1510 (2017: £2.1414).

At 31 March 2018, 33,950,922 units (2017: 33,950,922) were held in The Salvation Army Common Investment Fund No 2 with a unit value of £2.8918 (2017: £2.8726).

Salvation Army Social Work Trust holds one £1 share and exercises effective control over 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 Homes and Communities Agency. Saha itself owns the whole of the issued share capital of Kingsown Limited, Saha Developments Limited and Chapter 1 Charity Limited, companies incorporated in England. The results and net assets of Saha, Kingsown, Saha Developments and Chapter 1 have been consolidated within these accounts.

18. DEBTORS AND PREPAYMENTS

	Group		Parent	
	2018 £000	2017 £000	2018 £000	2017 £000
Accommodation charges outstanding	3,403	2,627	3,096	1,776
Sundry debtors and accrued income	8,881	9,317	7,875	8,428
Connected Salvation Army Trusts and Companies	4,161	-	4,161	-
	16,445	11,944	15,132	10,204

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

	Group		Parent	
	2018 £000	2017 £000	2018 £000	2017 £000
Trade creditors and accruals	10,102	6,418	8,625	4,977
Deferred Income	4,394	4,206	162	1,635
Tax and Social Security	2,205	1,558	2,205	1,437
Connected Salvation Army Trusts and Companies	-	979	-	979
Multi-Employer Pension Scheme	349	312	-	-
Bank Loans repayable within one year (Note 19(b))	11,239	1,998	-	-
	28,289	15,471	10,992	9,028

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

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

	Group		Parent	
	2018 £000	2017 £000	2018 £000	2017 £000
Multi-Employer Pension Scheme	1,990	2,364	-	-
Recycled Social Housing Grant	1,720	1,558	-	-
Loans repayable between 1 & 2 years	1,595	10,956	-	-
Loans repayable between 3 to 5 years	4,640	4,015	-	-
Over five years	22,813	25,197	-	-
	32,758	44,090	-	-

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

20. OPERATING LEASES

The Group has future minimum lease commitments of:

Land and Buildings

Within one year

One to five years

Over five years

	Group		Parent	
	2018 £000	2017 £000	2018 £000	2017 £000
Within one year	512	154	-	-
One to five years	911	825	-	-
Over five years	276	273	-	-
	1,699	1,252	-	-

Other operating leases

Within one year

One to five years

Over five years

	Group		Parent	
	2018 £000	2017 £000	2018 £000	2017 £000
Within one year	339	244	-	-
One to five years	350	368	-	-
Over five years	123	29	-	-
	812	641	-	-

21. ENDOWMENTS

GROUP AND PARENT

	Balance 1 April 2017 £000	New Funds Received £000	Changes in Market Value of Investments £000	Transfers £000	Balance 31 March 2018 £000
Expendable Endowment					
Xenia Field Capital Fund	11,434	-	77	-	11,511
Permanent Endowments					
H.M. Brant	20	-	-	-	20
J.B. Crighton	97	-	-	-	97
Miss M.B. Hill	35	-	-	-	35
C.J. and E.J. Melbourne	78	-	1	-	79
Blackmore Mission	1	-	-	-	1
M.J. Fowler	16	-	-	-	16
R. Pattison	14	-	-	-	14
Leeds Guardian Homes Trust	14	-	-	-	14
E.S. Brant Trust	1,018	-	4	-	1,022
Birmingham Girls Trust	155	-	1	-	156
	1,448	-	6	-	1,454
	12,882	-	83	-	12,965

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

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

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

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

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

22. RESTRICTED FUNDS

GROUP	Balance 1 April 2017 £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 2018 £000
Social Work Fund	66,782	-	(3,014)	1,173	-	64,941
Other Restricted Funds						
Social Work projects including property funding	31,005	7,649	(154)	-	-	38,500
Defence Services	72	-	(72)	-	-	-
Saha operations – property purposes	145,703	27,977	(30,463)	-	-	143,217
	176,780	35,626	(30,689)	-	-	181,717
	243,562	35,626	(33,703)	1,173	-	246,658

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 income arising from Defence Services is restricted to the objects of the Defence Services Operations.

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

PARENT	Balance 1 April 2017	Income and Movement in Market Value of Investments	Expenditure	Transfers From/(to) Unrestricted Reserves	Transfers between Restricted Funds	Balance 31 March 2018
	£000	£000	£000	£000	£000	£000
Social Work Fund						
Funding of properties for charitable purposes	66,782	-	(3,014)	1,173	-	64,941
Other Restricted Funds						
Social Work projects including property funding	31,005	7,649	(154)	-	-	38,500
Defence Services	72	-	(72)	-	-	-
	31,077	7,649	(226)	-	-	38,500
	97,859	7,649	(3,240)	1,173	-	103,441

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 income arising from Defence Services is restricted to the objects of Defence Services Operations.

23. UNRESTRICTED FUNDS

GROUP AND PARENT

	Balance 1 April 2017	Income and Movement in Market Value of Investments	Expenditure	Transfers From/(to) Restricted Reserves	Transfers between Unrestricted Funds	Balance 31 March 2018
	£000	£000	£000	£000	£000	£000
General Reserves	31,391	98,581	(106,277)	-	-	23,695
Unrealised Investment Gains	45,289	577	-	-	-	45,866
	76,680	99,158	(106,277)	-	-	69,561
Designated Reserves						
Property Purposes	20,520	1,256	(142)	(1,173)	-	20,461
Vehicles	1,954	-	-	-	-	1,954
Social Work projects	1,551	-	-	-	-	1,551
	24,025	1,256	(142)	(1,173)	-	23,966
	100,705	100,414	(106,419)	(1,173)	-	93,527

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

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

24. ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP	Endowment Funds	Social Work Fund	Other Restricted Funds	Unrestricted Reserves	Total
	£000	£000	£000	£000	£000
Fixed Assets					
Properties	-	64,941	167,851	-	232,792
Property schemes in progress	-	-	7,193	-	7,193
Motor vehicles and equipment	-	-	907	261	1,168
Investments	12,965	-	2,904	85,220	101,089
Current Assets less Liabilities	-	-	2,862	8,046	10,908
Total Net Assets	12,965	64,941	181,717	93,527	353,150
PARENT					
	Endowment Funds	Social Work Fund	Other Restricted Funds	Unrestricted Reserves	Total
	£000	£000	£000	£000	£000
Fixed Assets					
Properties	-	64,941	-	-	64,941
Property schemes in progress	-	-	3,519	-	3,519
Motor vehicles and equipment	-	-	-	261	261
Investments	12,965	-	2,904	85,220	101,089
Net Current Assets	-	-	32,077	8,046	40,123
Total Net Assets	12,965	64,941	38,500	93,527	209,933

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

	2018 £000	2017 £000
Net incoming (resources expended)/resources	(3,999)	74,601
Unrealised loss/(gain) on investments	(666)	(14,362)
Realised (gain) on disposal of properties	(632)	(7,884)
Depreciation of motor vehicles and equipment	1,156	365
Depreciation of properties	5,967	4,771
Investment and rental income	(2,959)	(2,329)
(Profit) on sale of motor vehicles	-	(4)
Decrease in stocks	33	17
(Increase)/Decrease in debtors	(4,501)	2,816
Schemes in progress written off	-	17
Increase/(Decrease) in creditors	3,577	(1,115)
Interest payable	1,456	1,141
Gain on acquisition	-	(53,929)
Net inflow/(outflow) from operating activities	(568)	4,105

26. CAPITAL COMMITMENTS

At the balance sheet date, commitments made by The Salvation Army Social Work Trust Group in relation to the construction or refurbishment of property amounted to £25.821m (2017: £3.565m).

27. RELATED PARTY TRANSACTIONS

As one of its principal bankers, the Social Work Trust uses the services of Reliance Bank Limited which is 49% owned by The Salvation Army Trust ('Central Funds'). At 31 March 2017 the Social Work Trust held balances of £36.438m with Reliance Bank Limited (2017: £40.793m) and earned interest income of £54,568 (2017: £142,186) from deposits held at Reliance Bank. Saha was in receipt of a loan from Reliance Bank, the balance outstanding at 31 March 2018 amounting £2.163m (2017: £2.278m). Interest paid on the loan amounted to £52,971 (2017: £55,580). Reliance Bank Limited's dealings with the Social Work Trust are conducted on normal commercial terms.

During the current year grants totalling £14.567m (2017: £13.946m) were received from and grants totalling £700,000 (2017: £700,000) were paid to the Central Trust of The Salvation Army, which reflects contributions to the costs of Central Trust's Fundraising Department. In addition £51,104 (2017: £86,048) was paid to Salvation Army corps in connection with the use of their premises for Employment Plus related activities. Salvation Army Social Work Trust accepted a charge from the Central Trust of £10,115m for its share of overhead costs incurred by Central Trust (2017: £10.866m).

The son of Colonels David and Sylvia Hinton, who are directors of The Salvation Army Trustee Company, has provided IT consultancy services to Central Trust amounting to £36,308 (2017: £48,970), none of which will be charged direct to the Social Work Trust.

The brother of Lieut-Colonel Mike Caffull is the Managing Director of The Salvation Army Trading Company Ltd, SATCoL. His salary is paid by SATCoL. SATCoL supplies Salvation Army publications to Social Services centres. These sales amounted to £36,276 (2017: £30,006).

28. CONTINGENCIES

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

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

Following recent changes in legislation, Salvation Army Social Work Trust is eligible to access direct capital funding from the Homes and Communities Agency. The accreditation process necessary to allow access to this funding has been completed. Salvation Army Housing Association had always been able to access this funding. Funding for schemes totalling £148.342 million has been received by the group from this source (£16.180 million by the parent charity). Were these properties to be sold, this funding would be refundable to the Homes and Communities Agency unless the Agency consented to rolling it over against the costs of other schemes (similarly any funding received in connection with schemes which are aborted prior to completion would be refundable in full).

Activities at Hadleigh may contain elements of trading and are possibly subject to tax. The matter is being investigated by specialist professional advisers. At present no reliable estimate of any liability which may arise can be deduced, but advice suggests that the liability will not be material in the context of the accounts. These contingencies are not reflected in these accounts.

29. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITY FOR FRS 102

	Note	Endowments £000	Restricted £000	Unrestricted £000	2017 Total £000
INCOME AND ENDOWMENTS FROM:					
Donations and Legacies					
Grants receivable: Central Trust		-	-	13,793	13,793
Donations		-	265	801	1,066
Legacies		-	1,293	-	1,293
		-	1,558	14,594	16,152
Charitable Activities					
Centres' operations	3	-	3,317	60,453	63,770
Other social operations	4	-	159	15,675	15,834
Housing Association turnover	13	-	17,135	-	17,135
		-	20,611	76,128	96,739
Investments	2	-	92	2,237	2,329
Other – Gains on disposal of fixed assets	5	-	305	7,583	7,888
Other	13(b)	-	44,674	-	44,674
TOTAL INCOME		-	67,240	100,542	167,782
EXPENDITURE ON:					
Raising Funds					
Fundraising activities	6	-	-	700	700
Investment management costs		-	-	61	61
		-	-	761	761
Charitable Activities					
Centres' operations	8	-	2,716	78,830	81,546
Other social operations	9	-	329	18,016	18,345
Housing Association operating costs	13	-	16,146	-	16,146
		-	19,191	96,846	116,037
TOTAL EXPENDITURE	10	-	19,191	97,607	116,798
Net Gains on Investments		1,956	240	12,166	14,362
NET INCOME		1,956	48,289	15,101	65,346
Transfers between Funds		-	(141)	141	-
NET MOVEMENT IN FUNDS	21/22/23	1,956	48,148	15,242	65,346
RECONCILIATION OF FUNDS:					
Total Funds brought forward	29	10,926	195,414	85,463	291,803
TOTAL FUNDS CARRIED FORWARD		12,882	243,562	100,705	357,149



Charity Registration No: 215174 Scottish Charity Registration No: SC037691

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