



**The Salvation Army United Kingdom Territory
The Salvation Army Trust (Central Funds)
Report and Financial Statements
for the year ended 31 March 2018**

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Principal Office

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CONTENTS

Trustees' Report	3
Our Mission	3
From our Territorial Commander	4
What we do	5
For the cause	6
Homelessness	7
Substance misuse and addictions	8
Modern slavery and anti-human trafficking	9
Tackling unemployment	9
Older people	10
Poverty	12
Disability	12
Emergencies	13
International hardship and injustice	14
Social isolation	15
Working together in mission	16
• Salvation Army Trading Company	
• Reliance Bank	
• Salvation Army General Insurance Corporation	
Raising funds	16
Reviewing finances	21
Investing for the future	26
Reserves policy	29
Structure, governance and management	30
Recruitment and appointment of directors	31
• Training and induction of directors	
• Organisational structure and decision making	
• Directors' responsibilities	
• Risk Management	
• Principal risks	
Directors	35
Advisers	36
Independent Auditors' Report	37
Financial Statements	40

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 pursuant thereto the advancement of education, the relief of poverty and other charitable objects beneficial to society or the community of mankind as a whole.

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

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

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

MESSAGE FROM OUR TERRITORIAL COMMANDER



As I take up my new appointment as leader of The Salvation Army in the UK and Republic of Ireland and get to grips with all that has gone on over the year in review, I cannot help but marvel at just how much our Salvation Army corps (churches) have been doing in the service of their local communities.

I have been truly humbled by the dedication and determination of our corps officers (ministers of religion), church members, friends and volunteers to connect with as many people as possible in their communities, and to better serve their very specific needs.

Casting my eye over some of the activities at corps and community centres across the UK and The Republic of Ireland, what I'm struck by is how very flexible and forward-thinking so many of them are.

How wonderful, for example, to have a Salvation Army centre in the heart of a community offering employment training and free debt advice, along with a singing group for people living with dementia and a toddler group for young families. I confess it makes me proud because it shows that we are truly a 'living church' which has the needs of our friends and neighbours at our very core.

I also find it inspiring that beyond their immediate communities, Salvation Army corps and their wonderful members and volunteers have also worked regionally and nationally to reach people on the very fringes of society – those who are fleeing persecution, slavery or human trafficking – and helped them to reach a place of safety and security.

As you read this Annual Report on some of the inspiring, new and not-so-new work being done by our army of people who care, it's good to bear in mind that The Salvation Army has always been a Christian church and charity that moves with the times. One of the ways we honour God is by helping people in whatever practical way we can, without judgment or pre-conditions. It's in our DNA.

I would urge you to read our Social Work Trust Annual Report in conjunction with this one. It gives an overview of all the social services activities we undertake, such as providing residential care and holistic support to people experiencing homelessness, care homes for the elderly and our modern slavery and anti-human trafficking service.

I am excited to be the Territorial Leader of such a vibrant church and charity and extremely grateful for the warm welcome I have received since taking up my post. I would like to thank everyone who has supported our work in whatever way they can.

I also greatly appreciate those who have been able to donate to our community and social services work. Without your generous support we quite simply couldn't do what we do.

A handwritten signature in black ink that reads "Anthony Cotterill". The signature is written in a cursive style with a large initial 'A'.

Anthony Cotterill
Commissioner
Territorial Commander

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

WHAT WE DO

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



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

FOR THE CAUSE

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

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

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

HOMELESSNESS

It's significant that Salvation Army churches and centres are often described as being at the 'frontline' of the fight against social problems such as poverty and social isolation. When it comes to alleviating the effects of homelessness for the members of the communities they serve, this description is even more apt.

Throughout the UK and Republic of Ireland, in towns, cities and villages, our churches and community centres are giving practical, non-judgmental support to people experiencing homelessness in order to meet their immediate needs, whether that's a cooked meal, a hot shower or a bed during the winter months.

Last year alone, 8,600 people experiencing or at risk of homelessness relied on the weekly drop-ins provided by Salvation Army churches and community centres for help and support. But what those churches also did was empower their drop-in visitors by connecting them to other support agencies and to their communities at large.

Local MPs and councillors often remark that the contact they have with The Salvation Army in their areas gives them an insight into the homeless communities they serve. It's a two-way street, though, as those same churches also bring their insight to help urge local MPs and councillors to take action on behalf of homeless people.

When The Salvation Army in Slough invited its local MP, Tan Dhesi, to see a weekly drop-in session in action and to hear its church leaders' concerns over the spike in visitor numbers, Mr Dhesi was moved during his televised maiden Parliamentary speech to praise The Salvation Army's vital work in helping his most marginalised constituents and to repeat the church's call for government action on poverty and homelessness.

The Ilford Salvation Army church managed to get a formal apology from Marks and Spencer for installing 'anti-homeless' alarms to deter rough sleepers outside its Ilford store. The high street giant then went on to pledge its full support to The Salvation Army's radical plan in Ilford, in partnership with Redbridge Council, to provide a 'pop-up' hostel consisting of 42 studio flats in converted shipping containers.

The work continues...

In East Anglia, our Norwich church will be an influential partner in the innovative new Pathways Norwich project to support rough sleepers and people with complex needs in eight hubs around the city.

In Wales, our Wrexham community church will build on the success of its 'crisis clinic' – which provides people experiencing homelessness with immediate access to a GP and other vital support services – by offering training and employment advice too.

As well as our locally managed services, The Salvation Army also runs Lifehouses (residential centres) and extensive support services to people experiencing homelessness, operated through the Social Work Trust, details of which are contained in the Social Work Trust Annual Report.

SUBSTANCE MISUSE AND ADDICTIONS

Around the UK, The Salvation Army is active in helping to fight the effects of addictions within communities. We provide non-judgmental support to individuals struggling with addictions by providing weekly drop-ins, in partnership with local drug agencies and harm reduction services, and also give help to families and friends who are living with the devastating 'second-hand' effects of addiction, such as poverty, deprivation and social isolation.

Many of our churches stand shoulder-to-shoulder with drug agencies, gambling charities and local authorities to call for Government reforms that lessen the appeal of things like cheap, high percentage alcohol or fixed-term odds betting terminals.

Our churches are also at the forefront of dealing with the effects of so-called 'legal highs' on communities.

Our Wrexham church holds a weekly crisis clinic for people experiencing homelessness, many of whom are also struggling with addictions.

In March 2018 the church was featured in a BBC Wales news report highlighting the worrying rise in the use of the drug spice within the town and the work the church was doing in partnership with a local GP and harm reduction services to alleviate the problem.

The work continues...

Salvation Army community churches are contributing to the long-term recovery of people who have been in the grip of addictions, and will play an increasingly important part in supporting them back into society through the Community Intervention Programme.

This ground-breaking programme will see church officers, staff and volunteers providing unconditional, flexible, long-term support to recovering service users, wherever they are in the community, with the aim of reconnecting them with their families, friends and neighbours.

A wide range of measures to support people struggling with addictions are offered through our Social Work Trust, including four recognised treatment centres. The Trust also funds extensive work to alleviate the effects of drugs among people experiencing homelessness and contributes to research into the complex social and psychological causes of addiction. Read more about this work in the Annual Report for the Social Work Trust.

MODERN SLAVERY AND ANTI-HUMAN TRAFFICKING

Throughout the UK an army of volunteers from our network of community churches are doing their bit to raise awareness locally about the horrors of modern slavery and human trafficking and to urge everyone to be on the lookout for any signs of it going on within their communities.

Many volunteers also go one step further and work as first responders actively involved in the rescue, relief and resettlement of survivors of modern slavery and human trafficking.

Such volunteers include retired assistant head teacher and lifelong Salvation Army member Norree Webb who is often the first person to interview traumatised individuals who have been rescued from slavery to assess their needs. Dave and Marilyn Craik are also volunteers, permanently on call to collect victims of human trafficking and modern slavery and transport them to a safe house.

There are too many of these kind, compassionate people to mention in this report alone, but they know who they are.

Find out more about The Salvation Army's work on modern slavery and anti-human trafficking in the Annual Report for the Social Work Trust.

TACKLING UNEMPLOYMENT

The fact is that an increasing number of the people affected by unemployment that we come into contact with are disengaged from any government support that's available to them for a variety of reasons. Having slipped through the net, they're also far less likely to have had access to government 'back to work' training too.

Our churches and community centres have wholeheartedly risen to the challenge of addressing this gap in access to training and employment advice, and many of them are now registered Employment Plus Local centres as well as places of worship.

This means that they can not only provide professional employment advice to jobseekers in the same way as The Salvation Army's Employment Plus service does; they can also offer everyone unlimited access to a computer and e-learning support throughout the day.

The damaging effect that unemployment has on communities cannot be underestimated. Individuals and families clearly suffer from the obvious financial hardships of unemployment, but being out of work can also lead to social isolation and a disconnected community.

Households and individuals affected by unemployment are far more likely to rely on The Salvation Army and other charities and organisations for basic services such as food banks and, in the worst cases, temporary shelter, if they have become homeless as a consequence.

The work continues...

Thanks to the initial success of our Employment Plus Locals, more of our churches and community centres are due to add 'back to work' training and advice to their regular programme of local support. To help make this happen, The Salvation Army is appointing even more professional Employment Development co-ordinators to work directly at churches. We are also training even more of our volunteers to be able to offer help and advice to jobseekers.

The Salvation Army's Social Work Trust funds a wide range of employability training and support programmes within our residential Lifehouses for people experiencing homelessness, and we work in partnership with statutory bodies such as the Department for Work and Pensions (DWP) to deliver the Government's Work and Health Programme.

Read our Annual Report for the Social Work Trust for more about our national action on unemployment.

OLDER PEOPLE

Financed by our Social Work Trust, 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 means that only people who 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. If there's a shortfall between what the council can pay and the costs of the care, family members may be asked to top it up.

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

The Salvation Army thinks this is unfair and 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.

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 eventually be in the same position as home ownership becomes less possible 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.

Many of the older people who are so vital to our community churches either have dementia or are caring for someone with dementia.

We are passionate that our churches should be welcoming and inclusive places, with an environment and atmosphere where people with dementia and their carers can thrive. To this end, our church leaders, staff and volunteers work hard every week to ‘do better’ on behalf of people with dementia.

Doing better means ensuring all officers, staff and volunteers get the right training to become Dementia Friends; making sure that our cafes and other public places are designed and operated with dementia in mind; and providing lots of communal activities that enable people with dementia and their friends and carers to feel fully included in both the church and their wider communities.

Singing by Heart is a scheme launched in January 2018. It provides group singing sessions where everyone joins in with classic songs and well known hymns. The sessions are aimed at people living with dementia and have proved a real hit with people attending our centres the length and breadth of the UK.

What Singing By Heart provides is not just a way for people with dementia to reconnect to their memories through song. It also provides a rare opportunity for social interaction in what can be a lonely and isolating life, both for people with dementia and for their friends and family.

Dementia cafes like the monthly Forget Me Not at Wrexham community church are also helping to alleviate loneliness as they spark old memories in people with dementia. And by encouraging the community to contribute local memorabilia for their older guests – those with and without dementia – to discuss over tea and cakes, Salvation Army church leaders, staff and volunteers are also helping to increase a wider understanding of the condition among their neighbours too.

The work continues...

We’re committed to breaking the taboos surrounding death, and have introduced our Journeying Home programme to allow our churches to help their communities embrace life as they prepare for death. These friendly evening sessions are open to everyone with the aim of getting people to prepare adequately for end of life.

The Salvation Army runs a number of initiatives at our residential care homes and day centres aimed at reducing the distress caused by dementia, both to people living with the condition and to their families and friends. These are operated and funded by our Social Work Trust. Read more about what we are doing to change the lives of people living with dementia in the Annual Report for the Social Work Trust.

POVERTY

In their frontline positions, Salvation Army community churches and centres have seen a marked increase in demand for their services to relieve the effects of rising levels of poverty within the communities they serve.

Changes to the benefits system, the rising cost of living and other factors such as the availability of high interest loans and easy credit, have all seen more people than ever slipping into poverty and spiralling debt. And more of them than ever are turning to us.

To help households in immediate need, our local centres provide emergency food parcels; and in the longer term, many of them also operate weekly food banks to help struggling households get by as best they can.

We are also working hard to prevent poverty by offering welfare benefits and budgeting training to their communities too. So far 14 of our community churches (and this figure is set to rise) are also offering a free debt advice service which helps local people struggling with debt to face up to the problem and then find practical solutions.

The work continues...

Our Social Work Trust is working to monitor and raise awareness of the negative impact that Universal Credit is having on individuals and families moving over from existing benefits, and calling for measures to be introduced to help people access affordable credit.

Churches and community centres throughout the UK will continue to ensure that the people they serve are part of the debate by providing their unique insights on the poverty being experienced in their communities.

Read more about The Salvation Army's proposals to prevent poverty and ongoing work to alleviate its effects in our Social Work Trust Annual Report.

DISABILITY

Our nationwide family of community churches has been promoting and enabling inclusion for everyone in the areas they serve since they first began.

People with disabilities are actively involved in the daily lives of our churches, and their participation contributes immensely to The Salvation Army's overall aim of empowering all vulnerable and marginalised people to overcome discrimination and achieve their full potential.

Among the many high points involving people with disabilities from this past year was the establishment in September of the Recycles Project at Stoneycroft Salvation Army. This teaches bike maintenance skills to young people with learning disabilities.

In November a recording of The Beatles' classic 'Strawberry Fields Forever' by a choir of young people with learning disabilities from The Salvation Army and students from The City of Liverpool College took place at the legendary Abbey Road Studios.

This recording marked the official launch of The Salvation Army's fundraising appeal to build a training and work placement hub for young people with learning disabilities at the site of former Strawberry Field Salvation Army children's home in Liverpool.

March saw The Music Man improvised music session visit Ellesmere Port Salvation Army. It involved young people and their carers 'jamming' together to create some amazing sounds with an eclectic mix of percussion, wind instruments and random household items.

We're excited about being another year closer to all the opportunities that the Strawberry Field Project will bring to help young people with learning disabilities in Liverpool and surrounding areas to gain vital training and employment skills.

Read the Annual Report for The Social Work Trust to find out more on how The Salvation Army is working to fight discrimination and improve social cohesion.

EMERGENCIES

While our emergency response vehicles are a familiar sight to many during major incidents, it's our local community churches run by dedicated staff and volunteers who play just as vital a role in helping to provide immediate and sustained relief to victims – whether that's providing hot food, overnight shelter or just a quiet and safe space in which to reflect and recover.

The tragic events of last year brought the work of our churches into sharp focus.

After the horrific knife attacks on London Bridge in June, our Southwark church threw open its doors at 11 pm to allow anyone affected to find a safe haven. Seven people slept overnight in the community centre, 25 police officers came for refreshments, and many more people came to talk, to charge their mobile phones and to make contact with loved ones.

In July, Notting Hill Salvation Army played a vital role in the aftermath of the Grenfell Tower fire. It became a reception centre for families awaiting news of missing loved ones and a hub for the quick distribution of donations to survivors.

The Salvation Army also operates 13 specially adapted emergency response vehicles, funded by our Social Work Trust, which travel to scenes of major incidents to provide refreshments and support to emergency service crews.

Find out more about our emergency response work by reading the Social Work Trust Annual Report.

INTERNATIONAL HARDSHIP AND INJUSTICE

Last year alone we were able undertake a range of life-changing international projects and emergency relief work. These included providing much-needed aid to flood victims in Bangladesh, following the worst typhoon rains in a decade in South Asia last September.

Unforeseen emergencies aside, we undertake our international support activities with the same aim as for our UK projects – to alleviate hardship, foster independence and ensure long-term improvements.

With this in mind, we think the five key issues which, if they are addressed, could bring about lasting, positive change for vulnerable people internationally are: income generation, clean water, food sustainability, gender justice and ending human trafficking.

Last year our focus was on delivering more gender justice around the world, and as part of this we were able to partner with our community churches throughout the UK during the season of Lent to help improve the lives of vulnerable women in Argentina, Paraguay and Uruguay.

This powerful campaign ran with the strapline ‘Life made her tough – now you can make her strong’, and it shone a light on the harsh realities of life for many of the poorest and most vulnerable women living in eastern South America. It brought much-needed funds to a number of projects, notably a refuge specifically for women experiencing homelessness in Buenos Aires – the only one of its kind in the Argentine capital.

Over the years we have worked to help bring fresh water to the one in ten people around the world who currently don’t have access to it. So far we have helped communities in the Democratic Republic of Congo, Kenya and Ghana to install boreholes and rain harvesting tanks for water collection, and to construct sand dams to protect fresh water springs.

As with most of our support work, installing the equipment to collect and protect water was just part of the exercise. We also ensured that this went hand-in-hand with a training programme in how to conserve, purify and store water in order to foster independence and enable those communities to continue to have fresh water long after we have gone.

Visit www.salvationarmy.org/ID for more information about the work of The Salvation Army around the world to resource, empower and support developing countries to defeat poverty and injustice.

SOCIAL ISOLATION

Anyone can experience loneliness or feel isolated, regardless of their age, gender or social background. But we know that there are circumstances which can contribute more to feelings of isolation or loneliness, such as being a long-term carer to a family member or friend, becoming a new parent or being unemployed or homeless.

We think it's unacceptable that anyone who doesn't want to be should be alone or feel isolated. Not only that, we also recognise that we are all better together, not least our vibrant community churches which could not exist without the involvement of the committed people living around them.

In short, we need people to help us do what we do. We know, too, that getting involved with our community churches, attending our social events, fundraising on our behalf or simply coming along to worship with us also does wonders to help people find a way out of loneliness and a path back into the kinship of their families, friends and neighbours.

Nationwide, over half of our community churches welcome around 13,000 pre-school children and their parents and carers through their doors, helping the children learn through play as their parents socialise in the process.

Young parents in particular can feel more isolated than most, especially in rural areas. This is something we're taking steps to address with a range of social events and parenting education programmes specifically for young parents in small communities in South Wales.

Our community churches offer a plethora of opportunities for older people to get out and socialise too, from weekly Come and Meet Each Other (CAMEO) sessions to lunch clubs and coffee mornings. Many of them also reach out to people struggling with isolation by offering befriending services, whereby volunteers visit people in their own homes and sometimes take them out for treats.

Meanwhile communal activities such as Singing By Heart and memory cafes are doing great things to bring people with dementia and their carers out of isolation and into the company of others in similar situations.

Unemployment or retirement can be a factor contributing to social isolation as people feel cut off from the daily routine of going to work and the social interaction that work provides.

For an increasing number of people, volunteering for us in whatever capacity has often been a way back into the social whirl of working life and in many cases has helped them gain the confidence and experience to gain new employment. For retired people it has provided a satisfying opportunity to give back to their communities in a meaningful way.

Find out about volunteering and the many other ways we are combating isolation at www.salvationarmy.org.uk/volunteer-for-us

WORKING TOGETHER IN MISSION

The Salvation Army works in harmony with its three group companies, Salvation Army Trading Company Ltd (SATCoL), Reliance Bank Limited and Salvation Army General Insurance Corporation Ltd (SAGIC).

SATCoL is a wholly owned subsidiary of The Salvation Army Trust (Central Funds). Its main activity is the collection and sale of second-hand clothes donated by the public from its 232 charity shops. SATCoL also supplies Salvation Army publications and other related materials.

Reliance Bank Limited is an ethical bank with Christian values. Established in 1890 it is wholly owned by The Salvation Army: 49 per cent by The Salvation Army Trustee Company and 51 per cent by The Salvation Army International Trustee Company.

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

RAISING FUNDS

The Salvation Army is resourced by different income streams which are highlighted in the accounts that follow. An absolutely critical source of revenue is derived from public generosity and from donations by philanthropic organisations. It is this funding that sustains much of our work and enables us to be responsive to local and national need.

Donations and grants in 2017/2018 funded much of our local community programmes at our corps (churches), many of which serve some of the most marginalised people across the UK. Fundraising also enabled The Salvation Army Trust to make a planned contribution to The Salvation Army Social Work Trust (Charity registration 215174/SCO37691) to fund The Salvation Army's centrally co-ordinated programmes of residential support for older people, people experiencing homelessness and other associated work.

Fundraising for The Salvation Army takes place in two main ways: firstly through our centrally managed fundraising operations, and secondly through fundraising activities carried out locally by our corps (churches) and community centres.

Local fundraising:

Our 675 corps and community centres are expected to secure as much funding as they are able from local fundraising initiatives. Whilst this is not always easy, as many of our corps are themselves based in less prosperous areas, local fundraising has delivered much-needed income to sustain Salvation Army community programmes in their areas, and the warm spirit of public giving is greatly appreciated.

Highlights include our annual 'Big Collection' campaign which takes place in September, in which corps raise funds locally to support the work of our Social Work Trust. The September 2017 appeal raised £1.4 million from many different initiatives including house-to-house collecting, street collecting, sponsorship of individuals in sporting challenges and church-based activities.

A further local initiative is the annual 'Self-Denial Campaign' in which church members give sacrificially over four weeks in February and March by personally giving up something and contributing the equivalent value to The Salvation Army Self-Denial Fund. The funds raised are deployed to support The Salvation Army's operations in overseas territories which need support funding. The total for the 2018 appeal to date is £0.9m and represents a real commitment and generosity.

National Fundraising:

Our centrally co-ordinated Fundraising Department has again surpassed its target for delivery; and whilst this is a real achievement in a tightening climate, it once again demonstrates the popularity of The Salvation Army as a deserving cause for the public and funders to support, as well as the immense willingness of the public and funders to give generously to support us.

Our national appeals programme, by which we send appeals to our supporters, delivered £17.6 million at an overall cost of £1m, giving a return on investment of £18 donated per £1 spent, which is a remarkable result. Our Christmas Appeal alone generated £10.1 million of the overall total, at a cost of £0.4m, giving a return on investment of £24 raised per £1 spent. Within the charity fundraising sector and against benchmarks, these are significant results and represent good stewardship by The Salvation Army and extreme generosity by our supporters.

Our Christmas-time appeal to the general public and to people who are not already supporters, encouraging them to make a gift, secured over £6m and secured donations from over 113,000 donors.

Supporters who contribute by direct debit and standing order gave a total of £7.9 million at a cost of £0.1m, which represents a return on investment of £66 per £1 invested. Much of the cost is related to the recruitment of new direct debit supporters. Regular giving is a significantly important fundraising income stream, as it is one we can depend on year on year.

Gift Aid is a truly valuable additional revenue source for us and our Gift Aid income for 2017/2018 was £5.4m.

Overall appeals income was up over forecast by £3.9m. However, public fundraising is not getting any easier and a number of appeals struggled to reach the levels of previous years. A very healthy Christmas Appeal result was responsible for much of the growth. The increasing fragility of some of our more traditional forms of fundraising income is a growing issue as public support is so critical to our operations and delivery.

We have continued to invest in other fundraising activities. We have encouraged more people than ever before to participate in treks, marathons, half-marathons and other challenge events. This is a growth area for us and delivered £325,000 for specific areas of work, and enabled us to engage with younger willing fundraisers.

Charitable trusts and foundations have also given significantly with funding to dozens of capital projects across the UK, and supported operating costs and start-up funding for many local initiatives. We received support from over 900 charitable trusts and grant-making foundations, with a value of £2.5 million, and we take this opportunity to express our sincere thanks to their trustees for choosing to give to us.

Overall, national public fundraising contributed £41.7 million to enable The Salvation Army to carry out its work in the UK. Local fundraising contributed a further £11 million. Nevertheless, overall donations income for 2017/2018 is down over the previous year by over £1m.

Alongside donations, legacies or gifts in Wills is our other significant source of funding. We continue to have a programme of awareness-raising to encourage gifts in Wills. Our legacy income rose from £50.4 million in 2016/2017 to £63.6 million in 2017/2018, in part due to a number of particularly large legacies. This substantial income is the result of many acts of thoughtfulness and kindness from hundreds of people and shows a significant willingness to support our work. Again we are truly grateful for all of these gifts.

Despite generous support from individuals and funders, increasing uncertainty in the charitable giving sector means we continue our strategy to improve the efficiency and effectiveness of our appeals to the public, without sacrificing our principle of fundraising in a sensitive, considerate and respectful manner. We will also continue to invest in developing new fundraising concepts and initiatives, but only those that are right for the distinctive nature of The Salvation Army and their conformity with our values.

Without income from legacies and fundraising, we simply would not be able to deliver the diverse and much-needed range of services that we do for some of the most marginalised and excluded people and communities across the UK. We are constantly and wholeheartedly appreciative of all the support that we receive.

Our fundraising approach

Public fundraising for The Salvation Army is carried out by the Salvation Army Trust, registration number 214779, SCO09359, for which this is the report and financial statement. Funds raised are deployed in two main ways:

Some funds are deployed to fund the locally co-ordinated and community work of The Salvation Army Trust.

Some of the funds are also allocated to sustain the work of The Salvation Army Social Work Trust, registration number 215174, SCO37691, which is the trust that accounts for our programmes of centrally co-ordinated and centrally managed residential care for people experiencing homelessness, older people who are in our care homes, or in our other residential centres for families or people with addictions. The value of the annual allocation from The Salvation Army Trust to The Salvation Army Social Work Trust is agreed in advance at the time at which expenditure and income budgets for the two trusts are finalised.

As noted above, our centrally managed fundraising operations comprise an appeals programme for supporters and the recruitment of new supporters, the recruitment of regular givers, a legacy fundraising programme, challenge events (eg marathons) and community fundraising, appeals to charitable trusts and foundations and appeals to philanthropists for funding. We also provide fundraising advice and support where needed for local Salvation Army churches and centres to facilitate and enable their own local fundraising.

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

We do not use professional fundraisers to fundraise on our behalf. Our public, street and house-to-house cash-collection fundraising operations are carried out by members and volunteers drawn from and connected with our congregations. We do use a bureau to handle inbound telephone donations and to call back people who have texted us or otherwise contacted us in order to make a donation when we cannot handle such calls in-house by our own staff. This is usually only at Christmas when call volumes are high.

Fundraising standards

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

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

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

Fundraising on our behalf

Fundraising that is carried out at local level by congregation members, volunteers or friends/associates is oversighted locally, and the local Salvation Army officer (minister of religion, church leader) is responsible. Guidance in line with the Fundraising Regulator's Code of Fundraising Practice is made available, and The Salvation Army has clear policies, procedures and guidelines on the management of funds raised locally, the handling, counting and banking of donations and accounting and how such funds are accounted for and deployed.

Monitoring of fundraising

Salvation Army officers and corps treasurers will monitor fundraising carried out locally by members of the local congregation and by volunteers. Centrally we have a briefing and monitoring programme to assess the performance of our telephone bureau handling inbound donation calls and to ensure the quality of the calls meets our standards for sensitivity and kindness.

Complaints

For 2017/2018, we received a total of 104 complaints. This is a comparatively low figure for the sector and represents the degree to which we have developed a fundraising programme that is as sensitive and respectful as possible. All complaints are handled in accordance with our Complaints Policy, which itself is based on the recommended standards set by the Fundraising Regulator. Our Policy is accessible on our website. Complaints are individually investigated and responded to personally within an agreed time limit and in line with our values of integrity, accountability, respect and compassion.

Protecting vulnerable people

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

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

We made a conscious and deliberate decision many years ago to avoid some of the most intrusive forms of sub-contracted or out-sourced professional fundraising such as face-to-face fundraising. We only use the telephone to take inbound calls from people wanting to donate or who have asked us to call them. We do not deploy manipulative techniques nor pressurised methods to uplift people's levels of giving. We have strict and sensitive policies on the retention of data, the numbers of appeals we send out and the amount we ask for in our postal appeals.

Our very low levels of complaints, and the volume of letters praising our fundraising efforts and our postal appeals, are evidence of the high degree of satisfaction supporters feel towards us; and research indicates the high degree of pleasure that our supporters show in the way we fundraise and the way in which we ask.

Our supporters and the charitable giving public generally are our lifeblood, and the relationship we have with our supporters is precious to us. The ethos of our fundraising is first and foremost not so much on a cold, targets-driven mentality based on how much we need to raise, but rather is on what we feel it is fair, ethical and appropriate to ask for.

Our corporate values of integrity, accountability, compassion and respect are not only at the heart of our mission as a church and charity, but are also the driving forces for the way in which we fundraise.

REVIEWING FINANCES

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

Our main sources of income are as follows:

	2018	2017
	£m	£m
Legacies	63.6	50.5
Donations from the public	53.0	54.1
Donations from members	19.1	19.8
Grants	2.6	2.0
Trading income	79.4	73.7
Associate company	0.1	0.2
Investment income	5.8	4.1
Other income	7.8	5.3
	231.4	209.7

Voluntary income

Voluntary income (including legacies, donations and grants from trusts and foundations) represents 60 per cent of our total income, and we continue to be deeply and sincerely grateful to the individuals who have remembered us in their Wills, which is a crucially important, sustaining income stream. Donations from members represent the weekly or planned giving by soldiers and other members of The Salvation Army to their local Salvation Army corps (church).

Trading income

Trading income comprises:

- corps trading activities, mainly charity shops (£15.6 million). Net trading income is consistent at £8.0 million. Corps use the funds raised to support their local programmes.
- income of trading subsidiaries: The Salvation Army General Insurance Corporation (£12.3 million) and The Salvation Army Trading Company (£51.4 million). There has been an increase in net trading income to £8.8m from £5.9m.

Associate company

This represents our share of profit in Reliance Bank.

Other income

This includes the gain on disposal of properties and VAT refunds.

Expenditure

Expenditure has increased from £186.3million to £196.8 million.

	2018	2017
	£m	£m
Cost of raising donations and legacies	11.6	12.0
Cost of trading activities	62.4	60.1
Total cost of raising funds	74.0	72.1
Charitable activities:		
Church and evangelism programmes	42.2	41.2
Community programmes	54.1	47.6
International programmes	5.0	5.0
Training programmes	5.5	4.2
Youth and young people's programmes	1.2	2.4
Support of Social Work Trust	13.8	13.8
Total charitable activities	122.8	114.2
Total expenditure	196.8	186.3

Costs of raising donations and legacies

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

Church and Evangelism Programmes

This represents Christian worship and the teaching and promotion of the Christian message at our corps, regionally and nationally. Expenditure is at a similar level to last year.

Community Programmes

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

International Programmes

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

Training Programmes

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

Youth and Young People's Programmes

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

Support of Social Work Trust

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

Net income, including gains on investments of £1 million (2017: £22.1 million), was £35.6 million (2017: £45.5 million). The gain on investments is a book gain only.

Total funds as at the year end were as follows:

	2018	2017
	£m	£m
Endowment funds	15.4	14.9
Restricted funds:		
Property fund	305.6	303.5
Corps funds	49.1	47.3
Legacy reserves	74.0	69.9
Trust funds	2.4	2.5
Specific donations	8.2	9.7
	439.3	432.9
Unrestricted funds:		
Non-charitable trading funds	19.9	23.1
Designated funds	118.9	91.6
General reserve	20.8	16.2
	159.6	130.9
Total funds	614.3	578.7

Endowment Funds

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

Restricted Funds

The property fund represents expenditure on properties used by The Salvation Army for operational purposes and hence is not available for expenditure.

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

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

Unrestricted Funds

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

Designated funds are set aside by the directors for specific purposes, principally the acquisition of officers' quarters and major maintenance work on the property portfolio. Salvation Army officers (active and retired) are provided with accommodation. Funds have been set aside to enable the purchase of suitable properties as they are required. Funds have also been set aside to fund the work required on corps properties as part of our continuing planned maintenance rolling five-year programme.

The General Reserve represents funds which are freely available for the general purposes of the charity. At £20.8 million this represents approximately four months' unrestricted expenditure on charitable activities and is slightly above the optimum level of £20 million agreed by directors.

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 56 per cent of CIF2, whilst Sarasin & Partners LLP manage 44 per cent of CIF2.

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

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

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

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

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

CIFI

Fund strategy is:

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

The performance objective of the Fund is to achieve an annual total return which exceeds the composite benchmark below by at least 1.25 per cent per annum, gross of fees, measured over rolling three-year periods, commencing 1 January 2011.

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

CIF2

The Fund strategy is to aim for capital growth rather than income. The performance objective of the Fund, excluding cash and gilts under lien, is to achieve an annual total return which exceeds the composite benchmark below by at least 1.25 per cent per annum, gross of fees, measured over rolling three-year periods commencing 1 January 2011.

Asset Class	Performance Benchmark
UK Equities	FTSE All-Share
Europe (ex UK) Equities	FTSE All World Developed Europe (ex UK)
Emerging Markets Equities	FTSE All World Emerging Markets
Asia Pacific Equities	FTSE All World Developed Asia Pacific
United States Equities	S&P 500
Property	AREF/IPD UK Quarterly All Balanced Property Fund
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		CIF2	
	2018	2017	2018	2017
	%	%	%	%
Increase/(Decrease) in capital value of fund	0.5	20.0	0.7	18.9
Average net income return	2.0	1.7	2.3	2.0

RESERVES POLICY

Our reserves policy focuses on the level of general reserves.

We rely on donations, legacies and grants to fund our activities. These can be uncertain and fluctuate from year to year. They represented 60 per cent of our total income for the year ended 31 March 2018. We need reserves to ensure that the operation of our church and community programmes can continue in the event of fluctuations in voluntary income and unexpected expenditure.

The directors have reviewed all the main income and expenditure streams and the financial risks associated with them. They consider that the charity requires general reserves of approximately £20 million to ensure continuing operations. As at 31 March 2018 the charity had general reserves of £20.8million.

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 Salvation Army is provided by The General of The Salvation Army. The General is assisted by officers and staff based at International Headquarters in London.

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

The Salvation Army's property in the United Kingdom is held by The Salvation Army Trustee Company (SATCo, a company limited by guarantee, registered in England (No 00259322) with its registered office at 101 Newington Causeway, London SE1 6BN).

The governing instrument of The Salvation Army Trust is The Salvation Army Act 1980, as amended. Under Section 12(1)(a) SATCo is appointed as the sole ordinary trustee of the trusts listed in Schedule 5 to that Act.

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

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

Connected Trusts

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

The Salvation Army Social Work Trust

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

The objects of The Salvation Army Social Work Trust are to promote the charitable work of The Salvation Army in one or more of the following ways:

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

William Booth Memorial Trust

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

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

Subsidiary and Associated Companies

The following companies are beneficially owned by the Central Funds (percentage held) and donate all or part of their profits to the Central Funds:

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

Connected Company

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

RECRUITMENT AND APPOINTMENT OF DIRECTORS (TRUSTEES)

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

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.

Remuneration of Key Management

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.

Further information is disclosed in Notes 11 and 12 to the Accounts.

Risk Management

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

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

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

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
<p>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.</p>	<p>Cyber and information security controls are in place and are regularly reviewed.</p>
<p>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.</p>	<p>Our main focus has been to bring the Territory into compliance with the General Data Protection Regulation (GDPR). This has included:</p> <ul style="list-style-type: none"> 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
<p>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.</p>	<p>We continue to monitor the funding situation and adjust our financial planning and commitments accordingly to ensure we are financially resilient.</p>
<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 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>We have reviewed our policies and procedures 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 beneficiaries 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>

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

Report of the Independent Auditors to the Salvation Army Trustee Company, the Managing Trustee

OPINION

We have audited the consolidated financial statements of The Salvation Army Trust (Central Funds) 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 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 trustees' 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 trustees are 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 Trust (Central Funds) Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Endowment £000	Restricted £000	Unrestricted £000	2018 Total £000	2017 Total £000
INCOME AND ENDOWMENTS FROM						
Donations, Legacies and Grants						
Legacies		-	10,675	52,964	63,639	50,483
Donations - Public		-	10,140	42,881	53,021	54,093
Donations - Members	2	-	18,935	175	19,110	19,846
Grants	3	195	2,450	-	2,645	1,994
Trading Activities	4	-	15,630	63,738	79,368	73,681
Associated Company	7	-	-	141	141	157
Investments	5	-	3,113	2,670	5,783	4,077
Other						
Gain on disposal of property		-	1,142	5,115	6,257	4,754
Other income		-	1,131	277	1,408	574
Total Income		195	63,216	167,961	231,372	209,659
EXPENDITURE						
Raising Funds						
Costs of raising donations, legacies and grants		-	175	11,472	11,647	11,991
Costs of trading activities	4	-	7,571	54,879	62,450	60,082
		-	7,746	66,351	74,097	72,073
Charitable Activities						
	8					
Church and Evangelism Programmes		-	25,391	16,847	42,238	41,200
Community Programmes		-	35,545	18,574	54,119	47,611
International Programmes		-	2,871	2,100	4,971	5,017
Training Programmes		-	-	5,522	5,522	4,251
Youth and Young People's Programmes		-	-	1,975	1,975	2,356
Support of the Salvation Army Social Work Trust		-	1,594	12,263	13,857	13,793
		-	65,401	57,281	122,682	114,228
Total Expenditure		-	73,147	123,632	196,779	186,301
Gains/(Losses) on Investments	17(a)	220	16	737	973	22,148
Net Income/(Expenditure)		415	(9,915)	45,066	35,566	45,506
Transfer between funds		-	16,368	(16,368)	-	-
NET MOVEMENT IN FUNDS		415	6,453	28,698	35,566	45,506
Fund balances brought forward		14,935	432,902	130,941	578,778	533,272
Fund balances carried forward at 31 March 2018		15,350	439,355	159,639	614,344	578,778

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

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2018

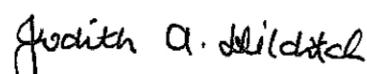
	Notes	Consolidated		Trust	
		2018 £000	2017 £000	2018 £000	2017 £000
(As Restated)					
FIXED ASSETS					
Intangible Fixed Assets	14	4,722	5,429	-	-
Tangible Fixed Assets					
Properties	15	302,934	305,102	302,147	304,301
Property Schemes in Progress	15	5,735	3,543	5,735	3,543
Motor Vehicles and Equipment	16	7,605	6,878	868	781
Investments	17	166,320	165,290	164,456	163,094
		487,316	486,242	473,206	471,719
CURRENT ASSETS					
Short-Term Deposits		111,569	97,845	111,569	97,845
Stock		1,944	2,037	242	246
Debtors	18	27,883	22,390	20,085	18,469
Bank Balances and Cash		35,960	23,251	23,722	8,436
		177,356	145,523	155,618	124,996
CREDITORS: amounts falling due within one year	19	(29,222)	(22,869)	(13,251)	(10,932)
NET CURRENT ASSETS		148,134	122,654	142,367	114,064
TOTAL ASSETS LESS CURRENT LIABILITIES		635,450	608,896	615,573	585,783
CREDITORS: amounts falling due after one year	20	(21,106)	(30,118)	(21,106)	(30,118)
TOTAL NET ASSETS		614,344	578,778	594,467	555,665
FUNDS					
Endowment Funds	21	15,350	14,935	15,350	14,935
Restricted Funds					
Property Fund	22	305,643	303,467	305,643	303,467
Other Restricted Funds	23	133,712	129,435	133,712	129,435
Unrestricted Funds	24	159,639	130,941	139,762	107,828
TOTAL FUNDS	25	614,344	578,778	594,467	555,665

The consolidated Balance Sheet incorporates the subsidiary and associated companies. Approved on behalf of The Salvation Army Trustee Company on 14 December 2018.

The annexed notes form part of these financial statements.



Lieut-Colonel Alan Read
Director



Judith Hilditch
Director

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

	Notes	2018 £000	2017 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	29	32,249	15,766
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES			
Additions to Intangible Assets		(435)	-
Additions to Properties		(9,236)	(12,980)
Net Additions to Property Schemes in Progress		(2,543)	(4,094)
Proceeds on disposal of Properties		8,474	5,653
Additions to Motor Vehicles and Equipment		(2,616)	(2,184)
Additions to Investments		(1,607)	(15,862)
Proceeds from disposal of Investments		1,551	479
Investment Income		5,783	4,077
Management of short-term deposits		(13,724)	(577)
		(14,353)	(25,488)
NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES			
Loan Repayments		(5,187)	(5,059)
Decrease in Cash and Cash Equivalents		12,709	(14,781)
Cash and Cash Equivalents at beginning of year		23,251	38,032
Cash and Cash Equivalents at end of year		35,960	23,251

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

I. ACCOUNTING POLICIES

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

(a) Basis of Accounting

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

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

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

(b) Consolidation

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

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

i. Financial instrument classification

The classification of financial instruments as 'basic' or 'other' requires judgment as to whether all applicable conditions are met. This includes a review of the form of the instrument and its return. All financial instruments, including loans, are currently classified as 'basic'.

ii. Capitalisation of property improvement and development

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

iii. Useful lives of properties and other fixed assets

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

iv. Pension obligations

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

(d) Income

i. Donations, Legacies and Grants – Donations, including the gross equivalent of those under Gift Aid, legacies and grants are brought into account when the Trust is entitled to the income, receipt is probable and the amount receivable can be measured reliably.

ii. Investment Income – Dividends and interest are brought into account gross in the year they are due.

iii. Profits and losses on disposal of assets are reflected in the Statement of Financial Activities in the year of disposal.

iv. Funds raised by local corps, including trading income, are deemed to be restricted for use in the local area.

(e) Expenditure

Expenditure is charged on the accruals basis.

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

(f) Fixed Assets

- i. Expenditure on the acquisition or improvement of property is reflected as a fixed asset, whereas costs of repairs and renewals to property are charged to the Statement of Financial Activities.
- ii. Expenditure on the acquisition of vehicles is capitalised and expenditure on computer equipment and other office equipment which exceeds £15,000 in value (individually or for groups of related assets) is capitalised and depreciated over its economic life.
- iii. Depreciation is provided on tangible fixed assets at the following rates:

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

(g) Investments

To comply with the Statement of Recommended Practice investments are included at market value. Unlisted investments are valued at the share of underlying net assets which equates to fair value.

(h) Stocks

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

(i) Funds

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

2. MEMBERS' DONATIONS

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

3. GRANTS RECEIVABLE

	Endowments	Restricted	Unrestricted	2018	2017
	£000	£000	£000	£000	£000
Local Authority	-	1,290	-	1,290	1,609
Trusts	195	1,160	-	1,355	385
	195	2,450	-	2,645	1,994

4. TRADING INCOME AND EXPENDITURE

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

	2018	2017
	£000	£000
Local corps charity shops and similar trading activities		
Income	15,630	16,570
Expenditure	(7,571)	(8,609)
	8,059	7,961
Trading Subsidiaries		
Income (Note 6)	63,738	57,111
Expenditure (Note 6)	(54,879)	(51,473)
	8,859	5,638

5. INVESTMENT INCOME

	2018 £000	2017 £000
Dividends receivable	3,152	2,692
Interest receivable	294	374
Net rental income	1,727	504
Income from connected company	467	343
Investment Income of subsidiary companies (Note 6)	143	164
	5,783	4,077

6. NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARIES

The Central Funds of The Salvation Army has two wholly owned trading subsidiaries which are incorporated in the UK. The Salvation Army General Insurance Corporation Limited (SAGIC) transacts insurance business, mainly property insurance. The Salvation Army Trading Company Limited (SATCoL) deals with the collection and recycling of second-hand clothing donated by the general public and is engaged in publishing and the supply of Salvationist materials. Both companies transfer, through Gift Aid, all or part of their profits to the Central Funds. Where profits are retained, it is for working capital needs and capital for the long-term development of the business. A summary of the trading results of the subsidiary companies for the year ended 31 March 2018 is shown below. Audited accounts of the companies have been filed with the Registrar of Companies.

	SAGIC £000	SATCoL £000	2018 Total £000	2017 Total £000
Profit and Loss Account				
Trading Income	12,312	51,426	63,738	57,111
Cost of Trading Activities:				
Cost of Sales	(10,611)	(24,186)	(34,797)	(32,261)
Distribution Costs	-	(1,103)	(1,103)	(1,017)
Operating Costs	(699)	(18,248)	(18,947)	(17,620)
Other Income/(Costs) Including Taxation	(50)	18	(32)	(575)
Total cost of Trading Activities	(11,360)	(43,519)	(54,879)	(51,473)
Investment Income	126	17	143	164
Net Profit	1,078	7,924	9,002	5,802
Realised Losses on Investments	(66)	-	(66)	(30)
Unrealised Gains on investments	(127)	-	(127)	177
Net Income for the year	885	7,924	8,809	5,949
Payable to Central Funds (Gift Aid)	(945)	(11,129)	(12,074)	(4,944)
Retained in Subsidiary	(60)	(3,205)	(3,265)	1,005

7. INCOME FROM ASSOCIATED COMPANY

The Central Funds hold 49% of the shares in Reliance Bank Limited, the other 51% being held by The Salvation Army International Trust. The company is engaged in banking and related financial services. Audited accounts have been filed with the Registrar of Companies and a summary of its trading results for the year ended 31 March 2018 is as follows:

	2018 £000	2017 £000
Turnover	2,241	2,811
Share of Net Profit for the year	141	157
Payable to Central Funds (Gift Aid)	(114)	-
Share of Retained Profit for the Year	27	157
Share of Net Assets as at 31 March 2018	5,588	5,561

8. CHARITABLE ACTIVITIES

	Direct Costs £000	Pension Fund Contribution £000	Grants £000	Support Costs (Note 9) £000	2018 Total £000
Church and Evangelism Programmes	31,107	50	-	11,082	42,239
Community Programmes	41,200	60	-	12,859	54,119
International Programmes	2,216	-	2,635	120	4,971
Training Programmes	4,008	-	-	1,514	5,522
Youth and Young People Programmes	941	-	-	1,034	1,975
Support of Salvation Army Social Work Trust	-	-	13,857	-	13,857
	79,472	110	16,492	26,609	122,683

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

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

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

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

Youth and Young People Programmes represent the cost of ALOVE, an expression of The Salvation Army for young people and adults aged 12-25, and other nationally organised programmes.

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

Pension Fund Contribution represents the decrease in the provision for future contributions payable to meet the past service deficit in The Salvation Army Retired Officers Allowance Fund. Full details of the pension funds are set out in note 13.

Support Costs represent centrally supplied services.

9. SUPPORT COSTS

	Fin- ance £000	HR £000	IT £000	Pro- perty £000	Communi- cation £000	Other £000	Reorgani- sation £000	Legal & Secretarial £000	2018 Total £000	2017 Total £000
Fundraising	117	38	47	62	33	60	-	46	403	2,059
Church & Evangelism Programmes	2,709	1,911	1,755	1,529	749	1,369	-	1,060	11,082	9,757
Community Programmes	3,284	2,050	1,868	1,805	908	1,659	-	1,285	12,859	8,638
International Programmes	28	19	23	17	8	14	-	11	120	715
Training Programmes	448	133	164	234	127	231	-	177	1,514	1,178
Youth & Young People Programmes	352	41	51	169	100	182	-	139	1,034	1,628
	6,938	4,192	3,908	3,816	1,925	3,515	-	2,718	27,012	23,975
Total 2017	4,336	2,666	3,289	3,285	1,269	1,868	5,507	1,755	-	23,975

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

10. GOVERNANCE COSTS

Absorbed within support costs were the following governance costs:

	2018 £000	2017 £000
External audit	114	120
Internal audit	248	228
Trustee expenses	2	2
Support costs allocated:		
Trustee indemnity insurance	12	9
Apportionment of directors' time	175	137
	551	496

II. PERSONNEL

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

	2018	2017
	No.	No.
Trust		
Number of Officers	938	1,033
Number of Employees	1,198	1,201
	2,136	2,234
Subsidiaries	634	592
Total	2,770	2,826

	Trust	Subsidiaries	2018	2017
	£000	£000	Total	£000
Personnel Costs				
Allowances and Salaries	51,063	14,004	65,067	61,501
Redundancy Costs	141	-	141	299
Social Security Costs	4,097	972	5,069	4,684
Pension Fund Contributions (Current Service)	11,936	586	12,522	8,695
Pension Fund Contributions (Past Service)	110	-	110	(5,645)
	67,347	15,562	82,909	69,534

Higher Paid Employees

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

	Trust	Subsidiaries	2018	2017
	No.	No.	Total	No.
£60,001 - £70,000	20	-	20	7
£70,001 - £80,000	2	1	3	6
£80,001 - £90,000	-	2	2	4
£90,001 - £100,000	5	1	6	6
£100,001 - £110,000	1	-	1	1
£110,001 - £120,000	-	-	-	-
£120,001 - £130,000	-	1	1	2
£130,001 - £140,000	-	-	-	-
£140,001 - £150,000	-	3	3	2
	28	8	36	28

Key Management Personnel

The key management personnel of the Trust are those persons having authority and responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly, including the directors of The Salvation Army Trustee Company as the Corporate Trustee of the Trust. The Trustee considers the key management personnel of the Trust to be the executive directors (officers and employees) of the Board. The total aggregate emoluments including pension contributions paid to key management personnel during the year was £302,017 (2017: £393,959)

12. TRUSTEES

(a) Emoluments:

The directors of The Salvation Army Trustee Company comprise Salvation Army officers and employees and other external directors with specialist expertise. All active Salvation Army officers receive an allowance based on length of service and, as ministers of religion, are provided with furnished accommodation and a motor vehicle. They are also members of the Salvation Army Retired Officers Allowance Fund. The allowances received by the officers serving as directors ranged from £13,186 to £18,088 per annum and they did not receive any additional remuneration for their duties as directors. Two directors who were employees received emoluments including pension contributions as employees of £151,872 in total. The other directors did not receive any remuneration.

(b) Expenses

Two (2017: four) directors of The Salvation Army Trustee Company were reimbursed for travelling expenses, amounting to £2,101 (2017: £1,713).

13. PENSION COSTS

The Salvation Army Central Funds contribute to three pension schemes in respect of its staff:

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

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

(a) SALVATION ARMY RETIRED OFFICERS ALLOWANCE FUND

The Salvation Army Retired Officers Allowance Fund was established by The Salvation Army Act 1963 under the legal name, The Salvation Army Officers Pension Fund. It is a registered charity and operates on the same basis as a defined benefit scheme but the benefits are not guaranteed. It is non-contributory by the officer, but a contribution per officer, at present £4,525 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 2017 and this was based on the following principal assumptions:

Post-Retirement Discount Rate	3.3% per annum
Pre-Retirement Discount Rate	4.0% per annum
Rate of Increase in Allowances and Pensions	3.5% per annum
Management Expenses	4% of future ordinary contributions
Rate of Inflation	3.0% per annum

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

A recovery plan has been agreed whereby The Salvation Army 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 for the total discounted value of the future capital contributions which The Salvation Army Central Funds has agreed to pay. This amounted to £14.8m at the year end. Full details are set out in note 20.

(b) SALVATION ARMY EMPLOYEES PENSION FUND

The Salvation Army Employees Pension Fund is a funded defined benefit scheme. The contribution rate payable by members was 8% of pensionable salaries and the employer's contribution was 18.5% of pensionable salaries.

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 Central Funds amounted to £2.9m and this was fully accounted for in the 2015/16 financial year.

The actuary has provided a funding update as at 31 March 2017 which shows that, using updated assumptions, the actuarial deficit has increased from £5.7m to £15.4m (before the lump sum payments referred to above).

14. INTANGIBLE FIXED ASSETS

	<u>£000</u>
Goodwill	
Cost	
Balance at 1 April 2017	10,840
Addition in the year	435
Balance at 31 March 2018	<u>11,275</u>
Amortisation	
Balance at 1 April 2017	5,411
Charge for the year	1,142
Balance at 31 March 2018	<u>6,553</u>
Net Book Value at 31 March 2018	<u>4,722</u>
Net Book Value at 31 March 2017	<u>5,429</u>

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

15. PROPERTIES

(a) Consolidated

	Freehold	Long Leasehold	Short Leasehold	Total	Property Schemes In Progress
	£000	£000	£000	£000	£000
Cost					
Balance at 1 April 2017	400,192	37,248	229	437,669	3,543
Additions during the year	8,926	310	-	9,236	5,233
Schemes completed during the year	239	112	-	351	(351)
	409,357	37,670	229	447,256	8,425
Less: Disposals	(3,235)	(124)	-	(3,359)	(2,690)
Balance at 31 March 2018	406,122	37,546	229	443,897	5,735
Accumulated Depreciation					
Balance at 1 April 2017	122,469	9,873	225	132,567	-
Charge for the year	8,760	776	2	9,538	-
Less: Disposals	(1,086)	(56)	-	(1,142)	-
Balance at 31 March 2018	130,143	10,593	227	140,963	-
Net Book Value at 31 March 2018	275,979	26,953	2	302,934	5,735
Net Book Value at 31 March 2017	277,723	27,375	4	305,102	3,543

(b) Trust

	Freehold	Long Leasehold	Short Leasehold	Total	Property Schemes In Progress
	£000	£000	£000	£000	£000
Cost					
Balance at 1 April 2017	399,255	37,127	229	436,611	3,543
Additions during the year	8,926	310	-	9,236	5,233
Schemes completed during the year	239	112	-	351	(351)
	408,420	37,549	229	446,198	8,425
Less: Disposals	(3,235)	(124)	-	(3,359)	(2,690)
Balance at 31 March 2018	405,185	37,425	229	442,839	5,735
Accumulated Depreciation					
Balance at 1 April 2017	122,240	9,845	225	132,310	-
Charge for the year	8,748	774	2	9,524	-
Less: Disposals	(1,086)	(56)	-	(1,142)	-
Balance at 31 March 2018	129,902	10,563	227	140,692	-
Net Book Value at 31 March 2018	275,283	26,862	2	302,147	5,735
Net Book Value at 31 March 2017	277,015	27,282	4	304,301	3,543

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

16. MOTOR VEHICLES AND EQUIPMENT

(a) Consolidated

	Motor Vehicles £000	Office Equipment £000	Total £000
Cost			
Balance at 1 April 2017	1,097	18,716	19,813
Additions	518	2,098	2,616
Disposals	(96)	(5)	(118)
Balance at 31 March 2018	1,519	16,310	22,311
Accumulated Depreciation			
Balance at 1 April 2017	612	12,325	12,937
Charge for the year	235	1,653	1,888
Disposals	(96)	(22)	(118)
Balance at 31 March 2018	751	13,956	14,707
Net Book Value at 31 March 2018	768	6,837	7,605
Net Book Value at 31 March 2017	487	6,391	6,878

(b) Trust

	Motor Vehicles £000	Office Equipment £000	Total £000
Cost			
Balance at 1 April 2017	89	1,370	1,459
Additions	109	296	405
Disposals	-	-	-
Balance at 31 March 2018	198	1,666	1,864
Accumulated Depreciation			
Balance at 1 April 2017	53	625	678
Charge for the year	22	295	317
Disposals	-	-	-
Balance at 31 March 2018	75	920	995
Net Book Value at 31 March 2018	123	745	868
Net Book Value at 31 March 2017	36	745	781

17. FIXED ASSET INVESTMENTS

(a) Consolidated

	Salvation Army Common Investment Funds		Unlisted Investments	Subsidiaries Listed Investments	Total
	Fund 1	Fund 2			
	£000	£000	£000	£000	£000
Market Value at 1 April 2017	4,351	141,251	16,167	3,521	165,290
Acquisitions	-	-	222	1,385	1,607
Gains on investments	20	946	201	(193)	974
Disposals	-	-	-	(1,551)	(1,551)
Market Value at 31 March 2018	4,371	142,197	16,590	3,162	166,320
Historical Cost at 31 March 2018	2,963	96,700	8,838	3,266	111,767

(b) Trust

	Salvation Army Common Investment Funds		Unlisted Investments	Subsidiaries	Total
	Fund 1	Fund 2			
	£000	£000	£000	£000	£000
Market Value at 1 April 2017	4,351	141,251	14,025	3,467	163,094
Acquisitions	-	-	195	-	195
Gains on investments	20	946	201	-	1,167
Disposals	-	-	-	-	-
Market Value at 31 March 2018	4,371	142,197	14,421	3,467	164,456
Historical Cost at 31 March 2018	2,963	96,700	8,838	3,467	111,968

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

	2018	2017
	£000	£000
Reliance Bank		
Cost of Shares	3,419	3,419
	3,419	3,419
William Leech (Investments) Limited	11,000	10,604
Other	2	2
	14,421	14,025

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

Common Investment Funds

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

	Fund 1	Fund 2
Cash	4%	2%
UK Equities	29%	33%
UK Property Funds	10%	11%
Overseas Investments	57%	54%

18. DEBTORS

	Consolidated		Trust	
	2018	2017	2018	2017
	£000	£000	£000	£000
				(As restated)
Connected Salvation Army Trusts and Companies	421	5,072	3,434	8,183
Taxation recoverable	1,867	2,631	1,673	2,631
Prepayments and accrued income	16,186	8,606	13,660	6,547
Other Debtors	9,409	6,081	1,318	1,108
	27,883	22,390	20,085	18,469

19. CREDITORS: amounts falling due within one year

	Consolidated		Trust	
	2018	2017	2018	2017
	£000	£000	£000	£000
Loans repayable within one year (secured)	102	167	102	167
Connected Salvation Army Trusts and Companies	2,370	4,242	2,369	4,294
Tax and Social Security	220	1,136	-	604
Creditors and Accruals	26,530	17,324	10,780	5,867
	29,222	22,869	13,251	10,932

20. CREDITORS: amounts falling due after one year

	Consolidated		Trust	
	2018 £000	2017 £000	2018 £000	2017 £000
Bank Loans (secured)	6,294	11,416	6,294	11,416
Pension Provision	14,812	18,702	14,812	18,702
Other Creditors	-	-	-	-
	21,106	30,118	21,106	30,118

Bank Loans

	Consolidated		Trust	
	2018 £000	2017 £000	2018 £000	2017 £000
<i>Repayable by instalments</i>				
Within one year	102	167	102	167
More than one year less than five years	265	386	265	386
More than five years	486	487	486	487
<i>Repayable other than by instalments</i>				
More than five years	5,543	10,543	5,543	10,543
	6,396	11,583	6,396	11,583

	Consolidated		Trust	
	2018 £000	2017 £000	2018 £000	2017 £000
Pension Provision				
Balance Brought Forward	18,702	30,347	18,702	30,347
Contributions paid	(4,000)	(6,000)	(4,000)	(6,000)
Interest on pension obligation	434	930	434	930
Change in assumptions	(324)	(6,575)	(324)	(6,575)
	14,812	18,702	14,812	18,702

21. ENDOWMENTS (Consolidated and Trust)

	Balance 1 April 2017	Movement in Funds Income and Gains/ (Losses)	Balance 31 March 2018
	£000	£000	£000
Permanent Endowments			
E.S. Brant	2,099	9	2,109
Sir James Reckitt Trust	490	2	492
W.J. Davis Trust	1,085	5	1,090
Other	637	3	640
	<u>4,311</u>	<u>20</u>	<u>4,331</u>
Expendable Endowments			
William Leech Fund	10,624	395	11,019
Total	<u>14,935</u>	<u>415</u>	<u>15,350</u>

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

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

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

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

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

22. RESTRICTED PROPERTY FUND (Consolidated and Trust)

Funding of properties for charitable purposes

	Balance 1 April 2017	Movement in Funds Income and Transfers	Expenditure	Balance 31 March 2018
	£000	£000	£000	£000
Consolidated and Trust	<u>303,467</u>	<u>19,125</u>	<u>(16,949)</u>	<u>305,643</u>

23. OTHER RESTRICTED FUNDS (Consolidated and Trust)

	Balance 1 April 2017	Movement in Funds Income and Transfers	Expenditure and Transfers	Balance 31 March 2018
	£000	£000	£000	£000
Corps funds	47,351	49,594	(47,828)	49,117
Legacy reserves	69,854	11,733	(7,571)	74,016
Trust funds	2,518	110	(192)	2,435
Specific donations	9,850	4,259	(5,966)	8,144
Consolidated and Trust	<u>129,573</u>	<u>65,696</u>	<u>(61,557)</u>	<u>133,712</u>

24. UNRESTRICTED FUNDS (Consolidated and Trust)

	2018 £000	2017 £000 (As restated)
Designated Funds (i)	118,941	91,588
General Reserve (ii)	20,823	16,240
Trust	139,764	107,828
Non-charitable Trading Funds (iii)	19,875	23,113
Consolidated	159,639	130,941

i. Designated Funds

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

	Balance 1 April 2017 £000	New Designations £000	Utilised/ Realised £000	Balance 31 March 2018 £000
Property Purposes	50,684	20,000	(2,648)	68,036
Unrealised Gain Reserve	38,433	-	930	39,363
Pension Reserve	(18,702)	-	3,890	(14,812)
DHQ Reserves	-	5,634	-	5,634
Other	21,173	4,000	(4,453)	20,720
	91,588	29,634	(2,282)	118,941

ii. General Reserve

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

iii. Non-Charitable Trading Funds

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

25. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

Fund Balances at 31 March 2018 are represented by:

	Endowment Funds £000	Restricted Funds Property £000	Other £000	Unrestricted Funds £000	Total Funds £000
Intangible assets	-	-	-	4,722	4,722
Fixed assets	-	308,669	-	7,605	316,274
Investments	-	-	84,595	81,725	166,320
Current assets	15,350	(1,365)	49,117	114,254	177,356
Current liabilities	-	(102)	-	(29,120)	(29,222)
Long-term liabilities	-	(1,559)	-	(19,547)	(21,106)
Total Net Assets	15,350	305,643	133,712	159,639	614,344

26. CAPITAL COMMITMENTS

The directors are continuing the process of refurbishing and developing Salvation Army properties. At the Balance Sheet date contractual obligations entered into by The Salvation Army Central Funds in respect of property capital schemes amounted to £16,993,170 (2017: £7,878,833).

27. FINANCIAL COMMITMENTS

As at 31 March 2018 the total annual commitments under non-cancellable operating leases on vehicles and equipment and land and buildings are as follows:

	2018		2017	
	Land and Buildings £000	Vehicles and Equipment £000	Land and Buildings £000	Vehicles and Equipment £000
Expiring within 1 year	4,028	222	4,059	442
Expiring between 2 and 5 years	7,299	3,297	8,215	3,029
Expiring in over 5 years	124	-	36	-
	11,451	3,519	12,310	3,471

28. RELATED PARTY TRANSACTIONS

The Salvation Army Central Funds supports the work of other connected Salvation Army trusts through the payment of grants and these are set out in Note 8. Grants of £2.6 million were paid to The Salvation Army International Trust and overseas Salvation Army territories (2017: £1.6 million) and a grant of £13.7 million was paid to The Salvation Army Social Work Trust (2017: £13.8 million).

An overhead recharge and a further recharge for fundraising and publicity were charged to The Salvation Army Social Work Trust during the year, representing that Trust's share of central overhead costs which were incurred by The Salvation Army Central Funds. In addition recharges were charged to The Salvation Army Social Work Trust for hire of rooms at corps premises.

The Salvation Army Central Funds uses the banking services of Reliance Bank Limited which, as stated in Note 7, is an associated company of The Salvation Army Central Funds and is consolidated on an equity basis. At the year end The Salvation Army Central Funds held balances of £133.1 million with Reliance Bank (2017: £104.2 million). Interest was earned on deposit balances on a normal commercial basis.

The son of Colonels David and Sylvia Hinton, who are directors of The Salvation Army Trustee Company, provided IT consultancy services to The Salvation Army Central Funds during the year amounting to £34,108 (2017: £48,970).

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

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

	2018	2017
	£000	£000
Net Movement in Funds	35,566	47,314
Losses/(Gains) on Investments	(973)	(22,148)
Depreciation: Properties	9,538	9,468
Depreciation: Motor Vehicles and Equipment	1,888	1,654
Amortisation of Goodwill	1,142	1,083
Gain on Disposal of Properties	(6,257)	(4,754)
Investment Income	(5,783)	(4,077)
Decrease in Stocks	93	1,030
Increase in Debtors	(5,493)	(4,000)
Increase in Creditors	6,418	1,841
(Decrease) in Pension provision	(3,890)	(11,645)
	(3,317)	(31,548)
Net Cash Inflow from Operating Activities	32,249	15,766

30. PRIOR YEAR ADJUSTMENT

The revision to FRS 102 and the Charities SORP (FRS 102) Update Bulletin 2 have clarified the accounting treatment of Gift Aid payable by subsidiary companies to their parent charities. Gift Aid payable, in respect of the current year's profits, which is unpaid at the year end is no longer accrued in the accounts of the subsidiary except in certain limited circumstances. As a result, a prior year adjustment has been made in these accounts to eliminate the accrual for Gift Aid receivable in the previous year. This affects the comparative Trust Balance Sheet, reducing both debtors and unrestricted reserves by £2,944k. There is no effect on the comparative consolidated Balance Sheet except that the unrestricted general reserve has decreased, and the unrestricted non-charitable trading funds have increased, by the same amount.

31. POST BALANCE SHEET EVENT

On 12 October 2018 the directors of SATCo approved the sale of The Salvation Army Trust's (Central Funds) 49% share in Reliance Bank Ltd to the Salvation Army International Trust, which owned already the other 51% share interest. The final documents were signed, and the sale completed, on 31 October 2018.

32. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITY

As required by FRS 102 the SOFA set out below is the full analysis for the 2017 comparative.

	Notes	Endowment £000	Restricted £000	Unrestricted £000	2017 Total £000
INCOME AND ENDOWMENTS FROM					
Donations, Legacies and Grants					
Legacies		-	10,095	40,388	50,483
Donations – Public		-	11,102	42,991	54,093
Donations – Members	2	-	19,484	362	19,846
Grants	3	190	1,804	-	1,994
Trading Activities	4	-	16,570	57,111	73,681
Associated Company	7	-	-	157	157
Investments	5	-	3,037	1,040	4,077
Other					
Gain on disposal of property		-	788	3,966	4,754
Other Income		-	-	574	574
Total Income		190	62,880	146,589	209,659
EXPENDITURE					
Raising Funds					
Costs of raising donations, legacies and grants		-	122	11,869	11,991
Costs of trading activities	4	-	8,609	51,473	60,082
		-	8,731	63,342	72,073
Charitable Activities					
	8				
Church and Evangelism Programmes		-	23,294	17,906	41,200
Community Programmes		-	31,961	15,650	47,611
International Programmes		-	2,640	2,377	5,017
Training Programmes		-	-	4,251	4,251
Youth and Young People's Programmes		-	-	2,356	2,356
Support of The Salvation Army Social Work Trust		-	1,703	12,090	13,793
		-	59,598	54,630	114,228
Total Expenditure		-	68,329	117,972	186,301
Gains on Investments	17(a)	1,842	384	19,922	22,148
Net Income/(Expenditure)		2,032	(5,065)	48,539	45,506
Transfer between funds		-	21,167	(21,167)	-
NET MOVEMENT IN FUNDS		2,032	16,102	27,372	45,506



Charity Registration No: 214779 Scottish Charity Registration No: SC009359

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