

33RD REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023

THE SALVATION ARMY
INTERNATIONAL TRUST



Front cover photo shows a woman in Kenya involved in *Others* - The Salvation Army's trade for hope programme. The project offers people training and employment in making crafts to sell internationally and generate income for poorer communities.

MISSION

STATEMENT

International Headquarters exists to support the General as he/she leads The Salvation Army to accomplish its God-given worldwide mission to preach the gospel of Jesus Christ and meet human needs in his name without discrimination.



THE SALVATION ARMY

International Headquarters
101 Queen Victoria Street
London EC4V 4EH

THE SALVATION ARMY

WORLDWIDE FACTS & FIGURES

GENERAL INFORMATION

Countries and territories where SA serves 133

Corps, outposts, societies, new plants
and recovery churches 14,703

Goodwill centres 129

Officers 26,116

Active 16,346

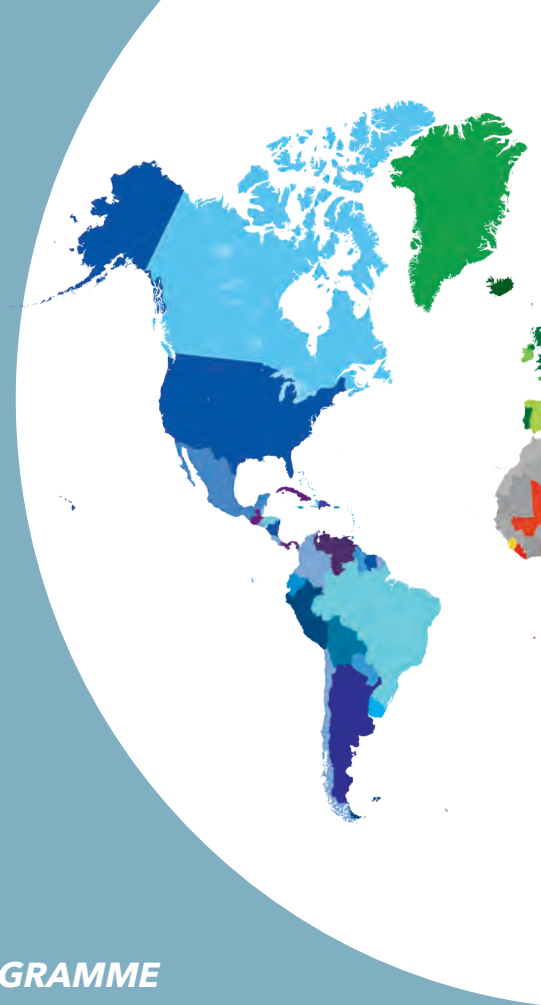
Retired 9,770

Auxiliary-Captains 489

Envoys/sergeants/non-officer personnel, full-time 1,049

Cadets 797

Employees 101,352



THE SALVATION ARMY MEMBERSHIP

Senior soldiers 1,250,413

Adherents 172,748

Junior soldiers 412,346

CORPS PROGRAMME

Senior band musicians 37,437

Senior songsters 105,198

Other senior musical group members 110,116

Senior and young people's local officers 151,342

Women's Ministries (all groups) members 1,546,618

League of Mercy - members 164,406

SA Medical Fellowship- members 9,943

Over-60 clubs - members 64,162

Men's fellowships - members 101,996

Young people's bands - members 16,571

Young people's singing companies - members 100,754

Other young people's music groups - members 147,676

Corps cadets 42,498

Sunday schools - members 566,259

Junior youth groups (scouts, guides, etc, and clubs) -
members 231,627

Senior youth groups - members 132,918

Parent and toddler groups 1,005

Capacity 33,891

Corps-based community development programmes 46,934

Beneficiaries/clients 851,739

Thrift stores/charity shops (corps/territorial/social) 2,704

Recycling centres 23

ADDICTION DEPENDENCY

Non-residential programmes 109

Capacity 1,584

Residential programmes 220

Capacity 12,137

Harbour Light programmes 18

Capacity 1,172

Other services for those with addictions 63

Capacity 2,670



SOCIAL PROGRAMME

Residential accommodation for the homeless 3,717

Capacity 239,756

Children's homes 210

Capacity 6,739

Homes for elderly persons 147

Capacity 10,964

Homes for disabled persons 33

Capacity 1,542

Homes for blind persons 6

Capacity 128

Remand and probation homes 136

Capacity 1,082

Mother and baby homes 21

Capacity 819

Training centres for families 61

Capacity 230

Care homes for vulnerable people 89

Capacity 2,712

Other residential care homes/hostels 50

Capacity 1,042



EDUCATION PROGRAMME

Pre-school/kindergarten/sub-primary 558

Primary schools 1,399

Secondary and high schools 564

Colleges and universities 18

Vocational training schools/centres 54

Pupils 549,432

Teachers 21,055

Schools for blind students (included in above totals) 23

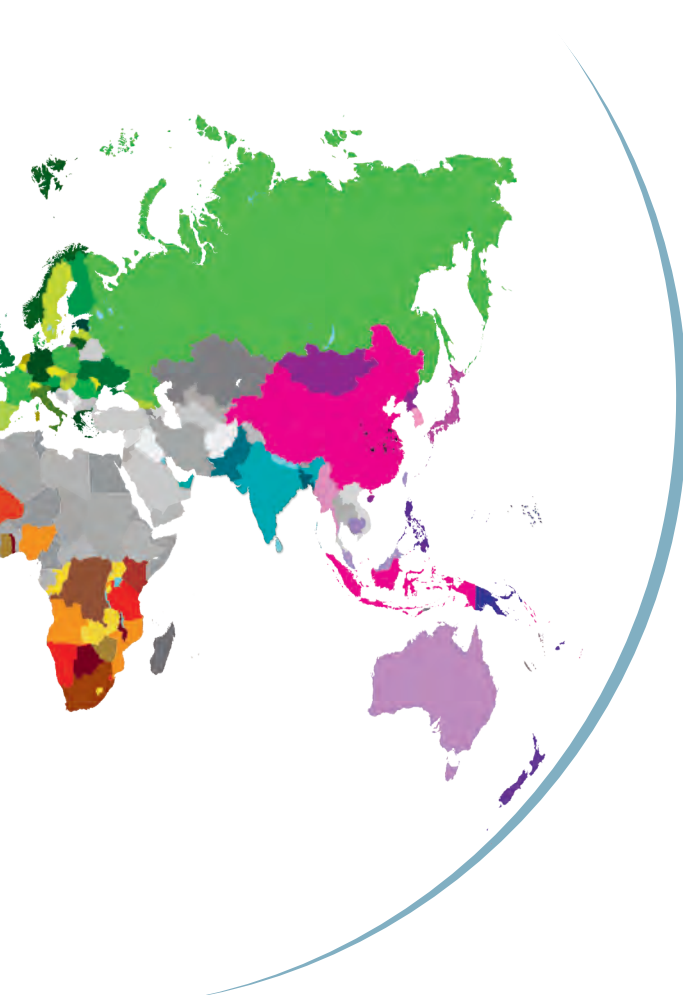
Schools for disabled students (included in above totals) 40

Boarding schools (included in above totals) 175

Staff training and development centres 39

Learning centres 9





Source of aggregate statistics for Salvation Army territories:
The Salvation Army Year Book 2023 (pages 40-41)
 (as recorded at 1 January 2022)

HEALTH PROGRAMMES

- General hospitals **28**
Capacity **2,256**
- Hospice long-term care **15**
Capacity **157**
- Maternity hospitals **39**
Capacity **1,396**
- Other specialist hospitals **32**
Capacity **489**
- Specialist clinics **31,786**
Capacity **3,382**
- General clinics/health centres **96**
- Mobile clinics/community health posts **9,510**
- Inpatients **361,887**
- Outpatients **832,580**
- Doctors/medics **5,715**
- Non-medical staff **1,978**
- Invalid/convalescent homes **9**
Capacity **426**
- Health education programmes (HIV/Aids, etc) **16,991**
Beneficiaries **172,603**
- Day care programmes **28**



SERVICES TO THE ARMED FORCES

- Mobile units for service personnel **15**
- Chaplains **47**



SERVICES TO THE COMMUNITY

- Community centres **556**
Capacity **114,826**
- Day centres for the elderly **61**
Capacity **2,287**
- Day centres for street children **9**
Capacity **856**
- Day nurseries **391**
Capacity **22,932**
- Drop-in centres for youth **227**
Capacity **7,632**
- Other day care centres **2,765**
Capacity **13,026**
- Prisoners visited **27,302**
- Prisoners helped on discharge **41,369**
- Police courts - people helped **27,557**
- Missing persons - applications **1,927**
Number traced **837**
- Night patrol/anti-suicide - number helped **249,497**
- Employment bureaux - applications **68,806**
Initial referrals **80,846**
- Counselling - people helped **207,860**
- General relief - people helped **13,789,599**
- Emergency relief (disasters) - people helped **3,547,804**
- Emergency mobile units **2,881**
- Feeding centres **43,075**
- Restaurants and cafés **245**
- Apartments for elderly **1,118**
Capacity **5,159**
- Hostels for students, workers, etc **57**
Capacity **1,418**
- Land settlements (capacity) **71**
- Social Services summer camps **119**
Participants **6,311**



EMERGENCY DISASTER RESPONSE

- Disaster rehabilitation schemes **195**
Participants **37,038**
- Refugee programmes - host country **6**
Participants **101,741**
- Refugee rehabilitation programmes **18**
Participants **104,672**
- Other response programmes **4,170**
Participants **147,158**





Foreword by
General Lyndon Buckingham

This year has seen much turmoil across our world, as we emerged from the recovery effects of COVID-19 and found ourselves plunged into wars and other political conflicts, natural disasters and economic difficulties affecting millions across the globe.

The world needs The Salvation Army, and while we cannot do everything, we are where we are most needed. Our global mission impact has been enabled by the work of SAIT. And we remain committed to our mission around the world.

The key statistics mentioned at different parts of this report are an indication of the scope of our mission response. Responding to multiple emergencies - in war and natural disaster. Managing international development and mission support projects. Assisting territories in assessment and development of property schemes. Providing care in our hospitals and clinics around the world. Responding to modern slavery and human trafficking issues with prevention programmes. Engaging in discipleship of our people. Providing leader development opportunities. Ensuring financial integrity. These and many more activities are described throughout the report.

Many people know us because of what we do. But our mission is part of who we are. The Salvation Army has always been about recognising our responsibility to share the good news of the gospel, that there is life, hope, purpose and eternity through faith in Jesus Christ. That's who we are.

We have always recognised that practical demonstrations of the values of the Kingdom of God are as impactful as talking about them. We roll our sleeves up and care for the needy. We help the vulnerable. We become the voice for the voiceless. We advocate for justice. We go after those who are being oppressed, separated or rejected. We don't want to just talk about God's love, we want to show it. That's who we are.

We have always been a holiness movement, and part of that shows in the high value we place on integrity, accountability and good stewardship. That's who we are.

As part of our stewardship and accountability for use of financial resources, we recognise the vital role played by The Salvation Army International Trustee Company ('SAITCo') and The Salvation Army International Trust ('SAIT') in providing robust governance structures and strong controls for use of charitable funds. During the year under review, as the Chief of the Staff I held the role of Chair of the Board of Directors of SAITCo. I want to acknowledge with grateful thanks the members of the SAITCo board whose advice and expertise continue to ensure excellent governance of the movement and its resources.

Having been elected as General of The Salvation Army following the financial year-end, I am looking forward to the bright future of our mission. I am grateful to officers, soldiers, staff and volunteers who support and deliver the mission around the world. I also take this opportunity to express my gratitude to our supporters and donors who fund the mission: your commitment enables the delivery of our mission.

May God richly bless you.

Yours in his service,

Lyndon Buckingham
GENERAL



Foreword by the Chief of the Staff **Commissioner Edward Hill**

As the Chair of the Board of Directors of The Salvation Army International Trustee Company ('SAITCo'), it is my privilege to commend the Annual Report to readers.

The Trust exists to further the work of The Salvation Army, which is to advance the Christian religion and meet human needs as and where they occur throughout the world. It also supports the work of International Headquarters ('IHQ'), which is responsible for coordinating the international work as well as overseeing strategy.

The work of The Salvation Army globally is vital and greatly valued. At a time of significant crisis and challenge in our world, I am proud of the way in which Salvation Army resources have continued to be managed to both enable and ensure the provision of high levels of service.

In the midst of a challenging year, we have also taken on a number of reforms.

In response to the wide-ranging and significant governance review in recent years, SAITCo has implemented reforms including changes to the operation of subsidiary boards, committees and councils, update of expenditure authority thresholds for financial decision-making and internal staffing reorganisations. Additional work has also been undertaken to review both the risk management protocols and strategic planning processes of the Trust and to introduce a programme of formal monitoring of board skills and performance for SAITCo.

A further body of agreed actions is anticipated in 2023/24 with an external consultant engaged by SAITCo to benchmark IHQ practice to the most recent update to the Charity Governance Code, which focuses on the principles of integrity and equality and diversity and inclusion, highlighting opportunities for further development. IHQ is also currently engaged in a strategic planning process which will strengthen our movement through the identification and implementation of global priorities. These are exciting days of development for us.

In the face of new and emerging challenges, SAITCo continues to monitor developments closely in relation to the Russia/Ukraine crisis and other external events. Due to our strong financial position, investment strategy and reserves policy, all of which are carefully monitored through our governance structures, we remain confident that the Trust is well placed to continue to achieve its grant-making and other objectives.

I served as a SAITCo Director during the year under review and following the year-end was appointed as Chief of the Staff and assumed the role of Chair of the Board of Directors of SAITCo. I look forward to the Trust's continued engagement in assisting The Salvation Army to meet its full potential as a transformational movement in the world. Certainly, this effort will be advanced by deepening the Trust's engagement with and understanding of the various challenges and opportunities facing the international Salvation Army, particularly in those places around the globe where the need is greatest.

I express my sincere appreciation to fellow directors of SAITCo for their commitment, passion and professionalism.

The movement is well positioned to meet its mission objectives and continues to make a positive global impact.

Sincerely yours,

A handwritten signature in black ink that reads "Edward Hill".

Edward Hill
CHIEF OF THE STAFF

THE SALVATION ARMY INTERNATIONAL TRUST

TRUSTEE'S REPORT

The Trustee is pleased to present the annual report for The Salvation Army International Trust (the Trust) for the year ended 31 March 2023.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The General, acting under powers contained in The Salvation Army Act 1980, established the Trust to further the worldwide work of The Salvation Army. The Salvation Army International Trustee Company (SAITCo), a company limited by guarantee, was formed and appointed as the ordinary Trustee of the Trust. The directors of SAITCo are thus effectively the charity's trustees.

THE SALVATION ARMY INTERNATIONAL TRUST

Registered Charity No 1000566
Trust Settlement Deed dated 21 September 1990
(Governing Document)

THE SALVATION ARMY INTERNATIONAL TRUSTEE COMPANY - ORDINARY TRUSTEE

Company Registration No 2538134

The General of The Salvation Army, as founder of the Trust, specifies the qualifying offices and the experts for SAITCo. Qualifying offices are such offices of The Salvation Army as the General may from time to time specify by notice to SAITCo and experts are persons who satisfy such conditions and/or who have such qualifications or expertise as the General may from time to time specify by notice to SAITCo. Both the qualifying offices' holders and the experts make application for membership of SAITCo with consent to become directors and are accepted by the Board of Directors of SAITCo.

All new directors follow teaching modules prepared specifically for The Salvation Army on its constitution, operational scope and the duties and responsibilities of directors. In addition individual directors follow external courses.

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SAITCO DIRECTORS

Commissioner Lyndon Buckingham	from 3 August 2018 to 2 August 2023
Commissioner Keith Conrad	from 1 August 2019
Commissioner Lee Graves <i>MBA</i>	from 1 November 2020 to 31 August 2023
Commissioner Edward Hill <i>MDiv, MACE</i>	from 1 May 2021
Commissioner Debbie Horwood	from 1 July 2021
Commissioner Eva Kleman	from 1 November 2020
Commissioner Robyn Maxwell	from 1 November 2020
Commissioner Kenneth Maynor	from 2 September 2023
Commissioner Susan McMillan <i>BCom, MBA, FCPA, FCGA</i>	from 17 July 2023
Commissioner Garth Niemand <i>MBA, BTh</i>	from 3 September 2023
Commissioner Suresh Pawar	from 12 November 2020
Lieut-Colonel Russell Malcolm <i>BCom, DipApTh, MBA, CAANZ CA</i>	from 1 February 2022 to 21 May 2023
Ms Elizabeth Edwards <i>BSc (Hons), FRICS</i>	from 1 May 2013 to 30 April 2022
Mr Robin Foale	from 1 May 2019
Mr James Gardner <i>MA</i>	from 1 May 2022
Mr Mark Goodale <i>BA, FIA</i>	from 1 May 2019
Mr Peter King <i>Solicitor, MA</i>	from 1 May 2013 to 30 April 2022
Mr Robert Lister	from 1 January 2016
Mr Tim Sketchley <i>BA, MA (Cantab), FRICS</i>	from 1 May 2022

AUDIT COMMITTEE MEMBERS

Ms Rosie Bichard <i>GCB.D, CFA (Chair)</i>
Mr Mark Goodale <i>BA, FIA</i>
Mr Tim Sketchley <i>BA, MA (Cantab), FRICS</i>
Mr Andrew Stickland <i>BA (Hons), FCA</i>

PRINCIPAL OFFICERS

Commissioner Lee Graves <i>MBA</i>	Managing Director to 31 August 2023
Commissioner Garth Niemand <i>MBA, BTh</i>	Managing Director from 3 September 2023
Dr Matthew Carpenter <i>BA, MBA, DBA, MCMl</i>	Company Secretary
Lieut-Colonel Russell Malcolm <i>BCom, DipApTh, MBA, CAANZ CA</i>	Head of Finance to 21 May 2023
Commissioner Susan McMillan <i>BCom, MBA, FCPA, FCGA</i>	Head of Finance from 22 May 2023
Mr Kaloan Belito <i>BA, DchA, MSc, FCCA</i>	Chief Accountant

BANKERS

HSBC Bank plc
60 Queen Victoria Street
London EC4N 4TR

Reliance Bank Limited
Faith House, 23-24 Lovat Lane
London EC3R 8EB

National Westminster Bank
38 Strand
London WC2N 5JB

SOLICITORS

Slaughter and May
1 Bunhill Row
London EC1Y 8YY

AUDITORS

BDO LLP
55 Baker Street
London W1U 7EU

INVESTMENT MANAGER

Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London EC4M 8BU

The Trust exists to further the work of The Salvation Army and of its International Headquarters (IHQ), which is to advance the Christian religion and meet human need as and where it occurs throughout the world. The operation of IHQ is therefore an integral part of the work of the Trust. IHQ is responsible for coordinating the international work and overseeing strategy.

The Salvation Army is, for administrative purposes, divided into autonomous territories (generally by region or country). Each territory is governed, through local registration(s), in accordance with the applicable local laws and the Trust works with and through these separate legal entities. However, The Salvation Army remains under the oversight, direction and control of the General of The Salvation Army, as set out in greater detail in The Salvation Army Act 1980.



CONNECTED ENTITIES

The Salvation Army Retired Officers' Allowance Scheme

Registered Charity 1153681

Declaration of Trust dated 13 December 2012

The Salvation Army Retired Officers' Allowance Scheme is a separately registered charity that is administered by SAITCo as the Trustee.

The objects of The Salvation Army Retired Officers' Allowance Scheme are to relieve the poverty of retired officers and the financial hardship amongst elderly retired officers of The Salvation Army anywhere in the world.

The Salvation Army in the United Kingdom and the Republic of Ireland

The work of The Salvation Army in the United Kingdom and the Republic of Ireland is directed by the United Kingdom and Ireland Territory, with resources provided through trusts administered by The Salvation Army Trustee Company. The two principal trusts of this territory are The Salvation Army Trust and The Salvation Army Social Work Trust. The work and results of The Salvation Army in the United Kingdom and the Republic of Ireland are excluded from this annual report.

Reliance Bank Limited

The banking company, Reliance Bank Limited (the Bank), is a wholly owned subsidiary of the Trust. In 2018, the Trust purchased The Salvation Army Trust's (UK Territory) 49% interest in the Bank and invested an additional £1.5 million in the Bank's share capital. Under its new ownership and through the delivery of its five-year strategic plan, the Bank aims to become an important, positive social impact bank. Between December 2019 and March 2023, £11 million of additional share capital has been invested by the Trust in the Bank to support its new strategic plan and future growth. The Bank was loss-making for the four years to 31 March 2022, against the background of the global pandemic, ultra-low interest rates and the Bank's investments in systems and resources. The Bank has returned to profit in the current year with opportunity to now target a self-sustaining business model where future capital requirements are minimised.

Historically, the Bank's business model was to invest the funds it received from customers, with treasury counterparties, and the margin received more than covered the fixed costs of running the Bank. As interest rates fell, this model became unsustainable and the Bank has instead built a social impact lending portfolio, not only to improve financial returns, but to align to the mission of supporting

communities. Growth in the loan book, together with rising interest rates, have driven improved income levels and the return to profitability in 2022/23.

The Bank offers transactional banking services to more than 30 Salvation Army territories, providing a vital 'safe haven' for project funds and IHQ operational grants and a secure platform for international fund transfers for the global Salvation Army. The Bank offers these territories a comprehensive product range including current accounts and fixed interest products in GBP, USD and EUR as a UK domiciled bank authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Additionally, the Bank meets the functional banking requirements of IHQ (as distinct from the territories) processing payments to a wide range of international locations, providing personal banking services for non-UK nationals working at IHQ, creating bespoke banking arrangements for territories to match specific IHQ requirements and obtaining bank ratings information to inform IHQ evaluation of proposed bankers for territories. The Bank also provides a wide range of banking services to The Salvation Army (UK and Ireland Territory), and offers employees of Salvation Army organisations fee-free personal current account services at market rates. Reliance Bank more widely provides banking services and lending secured on property to other UK charities and positive social impact organisations, as well as savings and mortgage products to the general public.

In 2018, SAITCo as ordinary Trustee of the Trust, undertook considerable due diligence before acquiring sole ownership of the Bank, with the Board of Directors receiving multiple reports from appointed consultants on legal, tax, accounting, governance, risk and regulatory considerations, including a detailed critical analysis of the Bank's five-year strategic plan and consideration of alternative options to proceeding with sole ownership. The Trust refreshed this diligence in 2021/22 and 2022/23, as required to support investment of additional share capital, with engagement of external consultants to review the Bank's performance to the five-year strategic plan and advise SAITCo on other related matters. Ordinarily, the Bank will donate a proportion of its

net taxable profits to support the mission of the Trust. This has not been the case during the last few years, as the Bank has been in an investment phase, however the Bank anticipates a return to gift aid in 2023/24 having successfully achieved a return to profit in 2022/23.

Whilst the Trust is the Bank's parent controlling entity, a Nominations Committee comprising Non-Executive Directors of the Bank recommends the appointment of Directors to its board. This includes consideration of proposed shareholder-representative Directors.

The Bank, in common with all banks, faces several inherent risks such as credit risk, interest rate risk, risk arising from holding foreign currencies, climate change risk, compliance risk, conduct risk and operational risk. Policies are in place to ensure that the Bank's exposure to these risks is monitored and controlled. The Bank maintains a risk register which is regularly reviewed by its Board Conduct, Risk and Compliance Committee and Executive Committee.

The Salvation Army Leaders' Training College of Africa and Resource Centre Limited

The Salvation Army Leaders' Training College of Africa and Resource Centre Limited is a wholly owned subsidiary of the Trust.

During 2020/21 a restructuring was progressed for SALT College, a training facility in Nairobi, Kenya, for Salvation Army territories in Africa that hitherto operated as an integral part of the Trust. This was registered in Kenya as a separate legal entity controlled by SAITCo, as ordinary trustee of the Trust and on behalf of the Trust, to which the Trust transferred assets and so, from 1 August 2020 and during the year under review (2022/23), is no longer reported within the charity only accounts of the Trust but within the Group accounts. The assets transferred from the Trust to the separate legal entity in 2020 in the sum of £26,309 are not material to the Trust.

Consolidated accounts for the Trust incorporating the subsidiary companies Reliance Bank Limited and The Salvation Army Leaders' Training College of Africa and Resource Centre Limited are presented for 2022/23 on pages 74 to 103 as well as charity results, assets and liabilities for the Trust.

GOVERNANCE

The Trust utilises a committee structure to supervise its operations. SAITCo's Board of Directors, including five Independent Non-Executive Directors, delegates day-to-day financial management decisions to the International Finance Board (IFB), International Business Board and International Projects Board within clearly defined parameters. The terms of reference for subsidiary boards and the minutes of all meetings of these boards are reviewed by the Directors on a regular basis with the latest review of terms of reference undertaken in November 2022.

SAITCo has a Serious Incident Reporting Policy and Procedure in place, last reviewed in July 2023, outlining the process to be followed to decide if an incident relating to the Trust would be appropriate to be reported to the Charity Commission as a serious incident in accordance with the latest regulatory guidance.

A well-established Internal Audit Department also carries out a cycle of reviews of the systems in operation within IHQ and in all countries where The Salvation Army is working, and a framework of internal controls and local financial management systems are in place, supported by a manual of International Financial and Accounting Standards (IFAS) for The Salvation Army issued from IHQ. Salvation Army territories also share findings of locally instructed external audits of territorial operations with IHQ for review and consideration within the internal audit process. The IFAS manual was reviewed and updated during 2022/23, following a comprehensive committee-led drafting process including formal review of consultation materials by 50 Salvation Army territories, with a revised 2023 edition of IFAS issued from IHQ in February 2023 and effective from January 2024. A project is also well advanced to rollout cloud-based accounting software to all financially supported territories by 2025/26, enabling more regular and more detailed reporting both within territories and from territories to IHQ, with 22 of the 41 financially supported territories using the software as of December 2023. A new reporting mechanism from all territories to the IFB commenced in 2020/21 and



The Salvation Army International

this was further developed in 2022/23, based upon the suite of 17 Key Financial Indicators (KFIs) defined within the IFAS manual, allowing IHQ to be better informed of the financial position in territories as a significant enhancement to internal controls.

An Audit Committee also meets on a quarterly basis and comprises four members, including two Independent Non-Executive Directors of SAITCo, with none of the members holding executive responsibility for management of the Trust. The Committee holds delegated responsibility on behalf of SAITCo for continual review of the financial management and internal controls of the Trust and holds a direct line of communication to the internal and external auditor.



National Headquarters, London, UK with St Paul's Cathedral in the background

SAITCo has undertaken a wide ranging and significant governance review in recent years assisted by an external consultant and involving a review of SAITCo membership, structure, interrelationships with other IHQ bodies, performance and effectiveness as well as benchmarking to good governance practice as outlined within the Charity Governance Code. SAITCo already embraces many governance activities outlined within the Code such as conducting board induction and training, managing potential or actual conflicts of interest and regularly reviewing terms of reference for subsidiary boards with opportunity for further development in areas such as board consultation with beneficiaries.

A Board Charter for SAITCo was developed during 2019/20 within the governance review process and approved for implementation. The Charter defines the roles, responsibilities and authorities of SAITCo in the effective and efficient functioning of the Trust and considers mission objectives, board roles, board procedures, board composition, board committees, board induction and ongoing training, conflicts of interest and board evaluation.

During 2020/21, the Articles of Association of SAITCo were revised and the SAITCo Board Charter further reviewed and updated to embed reforms prompted by the governance review. An operational review of IHQ was also undertaken during 2020/21 with assistance from two consultants and a remit to examine staffing establishments, explore effectiveness of internal communication and review the internal committee structure including the purpose, membership, expectations, outputs, reporting lines, accountability and decision-making thresholds of each board, committee and council. A number of reforms highlighted by the operational review were implemented in 2021/22 and 2022/23 including changes to the operation of subsidiary boards, committees and councils, update of expenditure authority thresholds for financial decision-making and internal staffing reorganisations. Additional work was also undertaken in 2022/23 to review both the risk management protocols and strategic planning processes of the Trust and to introduce a programme of formal monitoring of Board skills and performance for SAITCo.

A further body of agreed actions is anticipated in 2023/24 with an external consultant engaged by SAITCo to benchmark IHQ practice to the most recent update to the Charity Governance Code, which focuses on the principles of integrity and equality and diversity and inclusion, highlighting opportunities for further development.

SAITCo has in place a number of dedicated governance arrangements in respect of its role as sole owner of Reliance Bank Limited, having taken advice on this from an external consultant as part of the body of due diligence work undertaken towards

acquiring sole ownership of the Bank. An additional Director with banking expertise was successfully recruited to the SAITCo Board in May 2019 and remains in post with two shareholder representatives appointed to the Bank board and mechanisms in place for performance reporting for the Bank to SAITCo and risk management for the Bank to the Risk Management Committee of the Trust.

REMUNERATION

SAITCo is committed to ensuring a proper balance between paying staff to attract and retain the best people for the job, and careful management of charitable funds.

Management remuneration policies and practices within the Trust are reviewed periodically by SAITCo with day-to-day decisions delegated to the Employee Review Board and Job Grading Panel within clearly defined parameters. The IHQ Remuneration Policy was last reviewed and updated by SAITCo in January 2023.

SAITCo is committed to paying the living wage as set by the Living Wage Foundation to all staff as a minimum and IHQ is accredited by the Living Wage Foundation as a living wage employer.

There are two grading structures currently used at IHQ - an IT specialist scale and a main pay scale for all other employees. The differentiation is to address the market salary demands of IT specialists in the third sector. Posts are graded between eight evenly distributed grades, each of which contain nine main spine points (three per cent apart) and two upper spine points (six per cent apart). The scales were formulated, and are subject to ongoing review, with assistance from an external consultant to undertake market comparisons and objective benchmarking to comparable roles in other organisations. The lowest full-time salary at IHQ is always set in line with or above the living wage as set by the Living Wage Foundation.

New staff are usually appointed at the lower spine points of the grades, though this can differ for some specialist posts or due to candidate experience. Postholders may progress through the pay grade

subject to completion of performance appraisals with a 'highly effective' or 'exceptional' performance rating. Cost of living increases are also awarded periodically to all staff by SAITCo, with an assessment made within the annual budget setting process to determine any proposed inflationary adjustment with reference to the Consumer Price Index and the financial position of the Trust.

Further remuneration disclosures for the Trust and group for this reporting period are shown within Note 15 to the Accounts. The Trust did not have any UK volunteers, excluding trustees, during the reporting period.

MODERN SLAVERY ACT

The Salvation Army is very active in bringing practical assistance to those whose lives have been affected by the evil of modern slavery and as such is sensitive to the danger of inadvertently finding itself falling short of its own beliefs and standards in this regard as well as the standards set out in the UK Government's Modern Slavery Act 2015. The Modern Slavery Act 2015 compliance statement for SAITCo, reviewed and updated in November 2023, can be accessed at <http://www.salvationarmy.org/ihq/modernslaveryact2015> and provides details of the variety of measures undertaken by SAITCo to avoid and reduce the risk of inadvertently supporting modern slavery in any way.

FUNDRAISING

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although the Trust does not actively undertake widespread fundraising from the general public, the legislation defines fundraising as 'soliciting or otherwise procuring money or other property for charitable purposes'. Such amounts receivable are presented in the Accounts as 'Other Donations and Legacies'.

In relation to the above, SAITCo confirms that no fundraising activity has been taken by the Trust, or by anyone acting on its behalf, that no fundraising standards, codes or schemes for fundraising

regulation have been subscribed to by the Trust, or by anyone acting on its behalf, that no complaints in relation to fundraising activities have been received and that any solicitations are managed internally, without involvement of commercial participators or professional fundraisers.

During the year, IHQ corresponded with the Fundraising Preference Service in connection with 11 individuals who requested no fundraising material be sent to them by the Trust, with confirmation provided that the Trust does not hold fundraising mailing lists nor issue any fundraising correspondence to individuals seeking donations and so the individuals' wishes have been met.



Right: beneficiaries of the flood response aid in Pakistan
Below: Teacher and students at Joytown School in Thika, Kenya





Student at Joytown School
in Thika, Kenya

OBJECTIVES AND ACTIVITIES

PUBLIC BENEFIT

The Trust is operating for the public benefit and in keeping with the organisation's mission statement. In setting and reviewing the Trust's aims and objectives and planning future activities, the Trustee pays due regard to the guidance issued by the Charity Commission on public benefit. The main activities of the Trust are:

- To continue the advancement of the Christian religion through evangelistic outreach
- To continue to provide financial assistance to The Salvation Army where needed
- To provide effective leadership and share knowledge and expertise through the strategic deployment of personnel
- To respond to and help meet the needs arising from major crises
- To strengthen The Salvation Army's capacity to support poor and marginalised people who need access to quality primary healthcare services as close to the family as possible
- To take action to combat the massive and growing evil of sexual trafficking and to create awareness of social injustice in the world.

'The activities of the charity are rendered without discrimination and for the benefit of all people in need'

A breakdown of expenditure per these main charitable activities of the Trust is presented at Note 10 in the Accounts. This shows a significant outlay on funding assistance to Salvation Army territories (under the second activity listed above) recognising that such grants also aid fulfilment of the other stated objectives as Salvation Army territories provide a wide range of local church/ social programmes having received the IHQ funding necessary to maintain day-to-day operations.

Specific aims for each of the main activities of the Trust during the reporting period are outlined in the sections below. The activities of the charity are rendered without discrimination and for the benefit of all people in need.

ACHIEVEMENTS AND PERFORMANCE

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1

WORLD MISSION

OVERALL OBJECTIVE

To continue the advancement of the Christian religion through evangelistic outreach.

SPECIFIC AIMS

World Mission objectives are to encourage and enable people linked to The Salvation Army to reach out into their communities with spiritual and practical support, to offer online and other resources to Salvationists and friends around the world and so create a supportive network through which people can share in prayer and evangelism, and for the General and the Chief of the Staff to visit Salvationists and friends around the world, providing opportunities for increased publicity and offering encouragement and challenge.

ACHIEVEMENTS

This year the international leaders have travelled extensively to meet with Salvationists around

the world following a prolonged period when international travel and in-person events were not possible.

INTERNATIONAL LEADERS

When the COVID-19 pandemic closed much of the world, General Brian Peddle, out of necessity, became the 'digital General'. Having embraced the technology and its capacity for a wide reach, the General continued to provide online messages of encouragement during 2022/23 through regular devotional videos on social media platforms and was active on Instagram and Twitter.

With the world reopening, the General provided inspirational leadership as he and Commissioner Rosalie Peddle engaged in visits to 'catch up' on

Traditional dancers welcome the international leaders to Papua New Guinea and Solomon Islands Territory





The General enrolls a new soldier in Japan Territory

what was missed during lockdowns. The General and Commissioner Peddle visited more than 20 territories during the year to bring spiritual encouragement and blessing to Salvationists: USA Western; USA Central; USA Southern; Liberia and Sierra Leone; Latin America North; Spain and Portugal; Congo (Brazzaville); Norway, Iceland and the Færoes; Switzerland, Austria and Hungary; Malawi; Zambia; Ghana; Canada and Bermuda; Eastern Europe; The Philippines; Papua New Guinea and the Solomon Islands; Brazil; Japan; South America East; South America West; India Central; India South Western; India Eastern; Rwanda and Burundi; and the Caribbean.

There was renewed optimism and celebration across the world as the General and Commissioner Peddle played an important part in congress gatherings,

commissionings and corps or territorial celebrations. Meetings with government and church dignitaries during these visits also provided additional impact and gravitas for the territory and its leadership.

One of the key features of the visits of the world leaders was a focus on discipleship. Many new soldiers and junior soldiers were enrolled during their visits - on one occasion more than 900 new soldiers in one session. Since taking office, General Brian Peddle has also called everyone linked to The Salvation Army to a renewed focus on its mission. Gathered under the headings 'Be Ready', 'Be Engaged' and 'Take Responsibility', the General's Call to Mission is broken down into nine specific 'calls': 'to prayer', 'to holiness', 'to be battle-ready - now!', 'to serve', 'to worship', 'to confidence in the gospel', 'to raise and nurture every generation', 'to costly

'There was renewed optimism and celebration across the world'

compassion' and 'to inclusion'. This Call to Mission was re-emphasised and reinvigorated during 2022/23 territorial visits.

The General's strategic priorities were also considered during the year as part of ongoing work undertaken at an International Conference of Leaders, held in Vancouver, Canada in September/October 2022, and through a guiding coalition that collated much of the work for implementation.

Though there are significant challenges and a careful embrace of post-COVID space, The Salvation Army remains strong and focused on its part of God's mission in the world. A culture of generosity is flourishing, enabling The Salvation Army to forge a path forward on behalf of others, remaining in a position of strength and standing ready to serve in 134 countries.

COMMUNICATIONS

IHQ Communications, in serving the office of the General, seeks to further the Kingdom of God and

enhance the reputation of the international Salvation Army by proactively inspiring global connections and responding with collaboration.

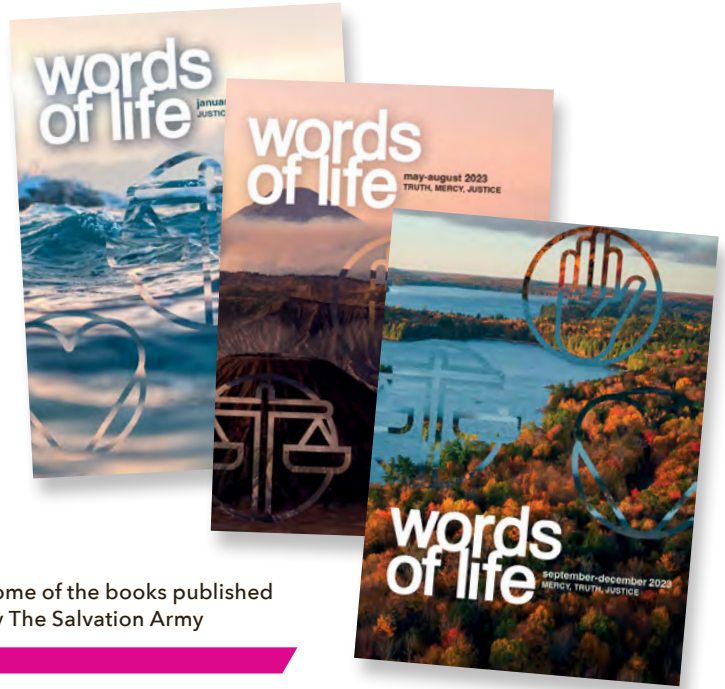
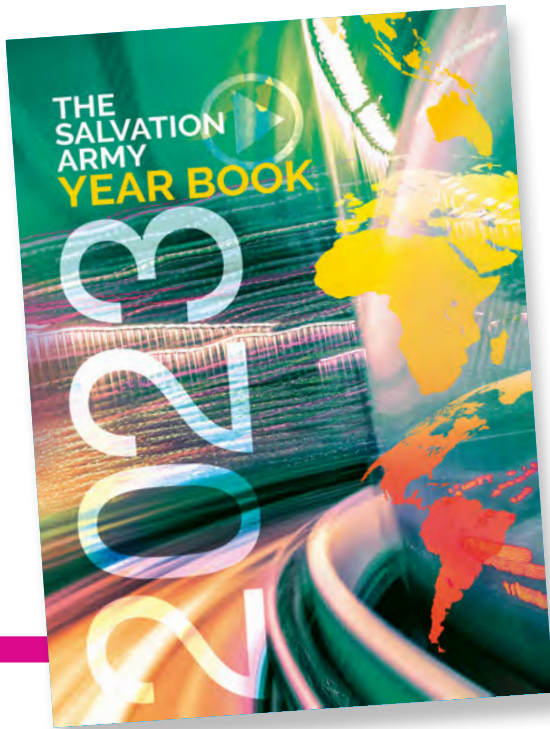
A key objective for IHQ Communications has been to restructure the communications function, adding much-needed digital expertise to the team. Four new employees joined the IHQ Communications section since October 2022; two specialist filmmakers, a digital communications specialist and an experienced website project manager.

New life has been breathed into the exhibition space at IHQ, Gallery 101, offering engaging and interactive exhibitions for café visitors. The aim of this work is to share the love of God and highlight the international work of the Salvation Army completed in his name. Over the year, Gallery 101 displayed 20 exhibitions, including five showcasing regional work of The Salvation Army and others on modern slavery and human trafficking, World Mental Health Day and The Salvation Army International Emergency Services.



Some of the colourful and informative exhibitions displayed at Gallery 101





Some of the books published by The Salvation Army

LITERARY AND EDITORIAL

Salvation Books, the publishing imprint of The Salvation Army, aims to ensure all Salvationists are equipped and have access to materials that deepen their faith, strengthen their prayer life and offer encouragement and inspiration, with seven books released during the year in review:

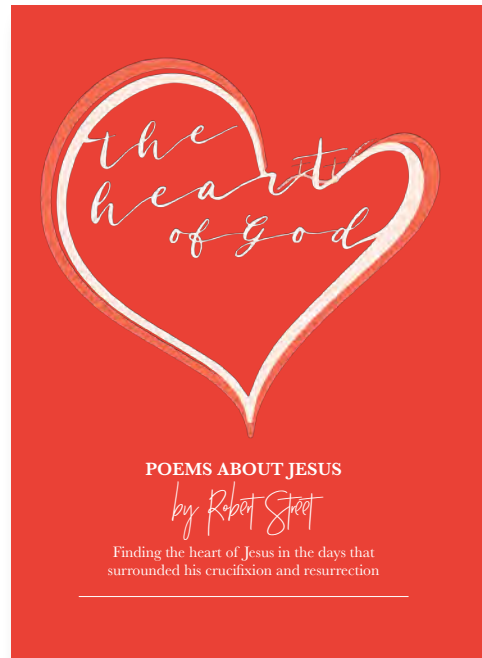
The Salvation Army Year Book 2023 is a 378-page compendium capturing news and events from the 134 countries in which The Salvation Army serves.

The Heart of God is an Easter poetry book which brings to life the encounters and events surrounding the first Easter and explores the heart of God in discerning and challenging ways.

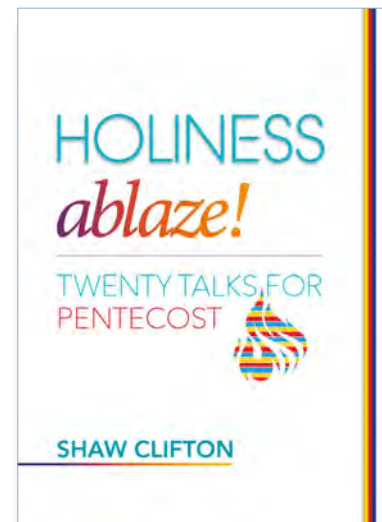
A New Day is born out of the author's experience of the COVID-19 pandemic and explores the themes of longing, hope and assurance.

Holiness Ablaze! - Twenty Talks for Pentecost looks at the life-changing events of Pentecost.

Three editions of *Words of Life*, a daily devotional book, were also published.



International shipping of publications has become increasingly problematic but the Literary and Editorial section is committed to exploring shipping and printing options to ensure hard copy resources remain available to Salvationists where appropriate while also utilising e-books and online resourcing.



More books published by
The Salvation Army

INTERNATIONAL LITERATURE PROGRAMME

The International Literature Programme (ILP) provides funding to ensure the sharing of quality, comprehensive and appropriate teaching resources to assist and promote The Salvation Army's mission in financially supported territories. The programme has the special responsibility of providing literature in the language of local people at an affordable price.

Grants enable territories requiring support to purchase books at a significant discount or to produce resources locally. Grants can also support territories through the translation, printing or purchase of literature; the encouragement of writer's workshops; the production or purchase of music; the production of videos for teaching or worship; the production of mission focus material.

Projects in 2022/23 funded by ILP include:

- The translation of child protection workbooks in Mali Region
- The production of a Women's Ministries resource book in the Caribbean Territory
- Home League resource material in Rwanda and Burundi Territory
- Youth material for girl guides and the corps cadet programme in Uganda Territory



Swahili language Sunday school resource video

TRANSLATION

The aim of the IHQ Translations desk is to make resources available for the mission to win more souls for Christ. Accurate translation is essential to ensure The Salvation Army can communicate its mission and message clearly and concisely to a global, linguistically and culturally diverse audience. It is also essential that relevant resources - whether online or printed materials - are accessible to all people.

A key achievement during 2022/23 was translation of junior soldier resources into Swahili, including videos. This will serve around a quarter of a million youth and children across five territories in Africa.

Making The Salvation Army's doctrines widely available and accessible is of great importance; and Swahili and Hindi translations of *The Salvation Army Handbook of Doctrine* were also progressed.



**'Accurate translation is essential to ensure
The Salvation Army can communicate its
mission and message clearly'**



General Lyndon Buckingham and Commissioner Bronwyn Buckingham at The Salvation Army International Headquarters - sharing moments of reflection as they were welcomed as the new international leaders



KEY STATISTICS

- International leaders engaged in more than 20 in-person visits during the year to Salvation Army territories.
- Salvation Books published seven new titles during 2022/23, which have been distributed to territories around the world.
- Gallery 101, the dedicated display space at IHQ, hosted 20 exhibitions during the year.

FUTURE PLANS

In May 2023, the diverse group of Salvation Army leaders known as the High Council gathered in London, UK, with the sole purpose of electing the movement's next international leader. At the end of a week of prayer, discussion and deliberations, Commissioner Lyndon Buckingham was presented to the world as General-elect. He took office on 3 August 2023 when Commissioner Bronwyn Buckingham also commenced her appointment as

World President of Women's Ministries. The new international leaders will travel around the world during 2023/24 engaging with Salvationists, friends, supporters and people of influence.

IHQ will continue to resource Salvationists around the world through the development of books and magazines with translation of resources to make content available and accessible to as many people as possible.

Further work is intended to secure a recording studio for IHQ to improve the quality of recordings for the General and offer a media interview training facility. Development of a new website for IHQ is also planned to help spread the good news of the gospel whilst offering a nimbler digital platform, better able to showcase the international work of The Salvation Army.

2

ASSISTANCE TO SALVATION ARMY TERRITORIES

OVERALL OBJECTIVE

To continue to provide financial assistance to The Salvation Army where needed.

SPECIFIC AIMS

The Trust seeks to provide financial assistance, infrastructure and technical support to territories through a wide range of programmes including grant funding and delivery of large-scale international projects with a particular focus upon four areas of work during 2022/23:

A. INTERNATIONAL DEVELOPMENT SERVICES

(IDS), based at IHQ, partners with Salvation Army territories across the world to help tackle poverty, alleviate suffering and challenge injustice. IDS supports the work of the global Salvation Army by coordinating sustainable community development projects, community health programmes, social work institutions, child sponsorship and mission support projects. IDS aims to engage, equip and empower territories, local corps and targeted communities in practical ways to identify their needs and effectively respond in a sustainable way that encourages lasting change and transformation. In its engagement with territories, IDS seeks to promote a holistic approach that meets physical, emotional, social, environmental and spiritual needs. Key objectives for IDS work during the year were to build capacity of staff, mobilise resources and facilitate partnerships to support delivery of programmes at local level.

B. INTERNATIONAL PROPERTY PROJECT, overseen by a full-time consultant based at IHQ, aims to assist territories in highest and best use reviews of underutilised property assets as a step towards financial independence. In 2022/23, the project aimed to progress significant schemes in Kenya and Democratic Republic of Congo and to explore new opportunities, working with existing property consultants and building relationships with new local partners, to develop potential schemes through a number of recognised stages.

C. INTERNATIONAL FINANCIAL AND ACCOUNTING STANDARDS

(IFAS) involves a global project team led from IHQ implementing cloud-based NetSuite accounting software to all financially supported territories alongside the rollout of new International Financial and Accounting Standards for the global Army. The software deployment replaces basic standalone systems, assists territories in complying with IFAS reporting and enables implementation of computerised internal financial controls to replace time-consuming manual processes. This year, key objectives were to continue rollout of the software to a further group of territories, develop enhanced solutions for budgeting/reporting and point-of-sale (POS) and to design, build and launch a new suite of e-learning resources.

Teacher in a Salvation Army school in central India



D. OFFICE 365 PROJECT involves a large project team at IHQ and within territories rolling out a global collaboration and communication solution to provide an official Salvation Army digital identity for every officer and employee who uses technology to achieve mission tasks for The Salvation Army. Specific objectives during the year were to complete the migration from a locally and internationally used legacy database system to alternative in-house or externally hosted platforms and to commence setup and delivery of the next stage of the project allowing eventual completion of required programmes.

ACHIEVEMENTS

A. INTERNATIONAL DEVELOPMENT SERVICES

This year, the IDS team continued to work with territories to tackle the causes of injustice and restore the dignity of people in the poorest communities. By working closely with territorial development offices across the world, IDS coordinated a range of programmes that sought to make a deep, lasting difference to the lives of the most vulnerable people around the world. Development projects increasingly looked at ways to tackle the root causes of poverty with complex and integrated programmes that deal with the holistic needs of a community

rather than a single issue. An example of this was the Resilience Project in Kenya East Territory that deals with water, sanitation, community health, agriculture, climate change, supporting children's education and food security.

Given the increasing size and complexity of the community development projects portfolio, a key focus this year was continued distribution of resources for capacity building and project management. IDS continued to provide technical support and high-quality advice to territories through all stages of the international development cycle and led a number of initiatives to encourage better partnership across the global Salvation Army.

Online support through regular coordinated calls to field staff was a key focus of work as well as facilitating capacity building events. This included supporting training events for Salvation Army personnel based in and around the conflict in Ukraine, online training for projects officers grappling with the realities of increasing urbanisation in Latin America, and a hybrid approach to strengthening the capacity of projects teams across Africa through a series of in-person and online learning events. Community of Practice and other global learning partnerships emerged from connections made in these training programmes. By increasing capacity of territorial headquarters (THQ)



Water, Sanitation and Hygiene (WASH) projects enable school children to learn about safe water and sanitation in Kenya East



Provision of community health clinics in rural Zambia

and development teams around the world, transformative impacts are evident with this work yielding exciting results and impact.

As the global focal point for managing all Salvation Army international development and mission support projects, at the end of March 2023, IDS was overseeing 534 active projects that were funded either by the Trust, financially independent Salvation Army territories or external donors.

Alongside these figures, IDS recognises the need to better capture the difference made by projects and

their impact across Salvation Army territories. Having a better understanding of results and learning will enable IDS to continually improve projects and levels of accountability. During 2022/23, IDS therefore commenced the process of developing a global monitoring and evaluation approach aiming to support the most effective delivery possible to those living in poverty and other challenging environments. Work was also undertaken to upgrade the Hive Project Database System to enable more responsive and focused data collection and analysis. The following examples illustrate the significant, transformative projects supported by the IDS team:

'Work continued towards linking relief, rehabilitation and development to ensure a more integrated approach between delivery of emergency humanitarian aid and formulation of longer-term development programmes'

AFRICA: IDS facilitated the activation of 46 new community and institutional projects across the territories in Africa in the 2022 calendar year. These included supporting the launch of a second phase of a large Water, Sanitation and Hygiene (WASH) project in Zambia. This project aims to improve access to WASH in communities and institutions through service delivery, institutional strengthening and advocacy to benefit 70,000 people by the end of 2024. Work on water supply infrastructure has begun with the selection of contractors for drilling, rehabilitation of maternity annexes at Chikankata Hospital, Chikombola and Nadezwe clinics and installation of tank stands and water tanks at the 18 different sites across the surrounding communities. The project has seen increased community engagement during the preparatory meetings and formulation of WASH Rights Groups. These groups will work with Ward Development Committees in raising awareness about WASH rights and services and play an advocacy role in claiming WASH rights from power holders. Alongside this a new five-year capacity building and strategy project was initiated to develop the skills, systems and effectiveness of all the Development Offices across Africa. This project was launched in December 2022 with a conference in Nairobi attended by all territorial leaders and development officers.

AMERICAS AND CARIBBEAN: IDS facilitated the activation of 24 new projects in the region in the 2022 calendar year, focused around education and social support to children and vulnerable families. This included a project in Quito, Ecuador to support development and entrepreneurship workshops for

children and adolescents and to setup a playground for the children of the centre and community. In Haiti, where the political and economic crisis is causing significant issues to the delivery of Salvation Army projects and programmes, IDS held regular meetings to ensure projects continue to operate despite the tense climate, including a face-to-face emergency summit held in January 2023 as well as facilitating emergency funds to support the ongoing work.

EUROPE: Work continued towards linking relief, rehabilitation and development to ensure a more integrated approach between delivery of emergency humanitarian aid and formulation of longer-term development programmes during 2022/23. A number of initiatives were progressed between IDS and the International Emergency Services team based at IHQ including two workshops and a number of joint projects. The 2022/23 year also saw commencement of some long-term projects following the initial emergency response to the refugee crisis caused by the conflict in Ukraine. This included development of a programme to integrate Ukrainian children into Georgian society through afterschool clubs to provide educational support, including lessons in language and Georgian culture. IDS also helped to support a retreat for Salvation Army officers in Ukraine that offered time for reflection and fellowship in a safe environment as well as space for conversations with trauma counsellors and psychologists to help them process some of the challenges they have sacrificially dealt with over the last year.

Oleksiy, a Ukrainian refugee from Mariupol, volunteers at the Salvation Army centre in Georgia



B. INTERNATIONAL PROPERTY PROJECT

Overseen by a full-time consultant based at IHQ, the International Property Project works with globally recognised property firms to develop potential schemes for territories through the stages of scoping and identification, feasibility approval, detailed feasibility and implementation.

Work continued during the year with territories to continue progression of existing projects and explore potential new opportunities, illustrated by the following examples:

KENYA EAST: Construction was completed of officers' accommodation at the THQ site in Nairobi. The development consists of five villas and 20 apartments, landscaping and a water management system facilitating the reuse of treated water across the site. Existing accommodation units on another site are now no longer required and a detailed feasibility study for a further phase of the project has been completed to determine the most appropriate plan for the site with an expectation that new income-generating activities will result allowing the territory to raise additional ongoing funds as an important step towards self-support.

New officer accommodation units in Nairobi, Kenya



New development in Democratic Republic of Congo

DEMOCRATIC REPUBLIC OF CONGO:

Work progressed on a large-scale project using capital released from the sale of an under-utilised land resource, to fund construction of income-generating assets in the form of commercial office space, two villas and 12 apartments with additional project funding also provided by the Trust. The completed facilities will provide considerable rental income for the territory to support local ministries.

In addition to these schemes, the International Property Project team supported feasibility studies and other programmes across multiple territories including India Northern, Kenya West and Rwanda and Burundi, and provided teaching seminars to develop capacity of territorial property teams within financially supported territories.

C. INTERNATIONAL FINANCIAL AND ACCOUNTING STANDARDS

The IFAS project involves a global project team led from IHQ implementing cloud-based accounting software (NetSuite) for all financially supported territories alongside the rollout of new International Financial and Accounting Standards for the global Army. The IFAS project team has tailored the design and testing of the accounting software to meet Salvation Army requirements, adding inter-unit/consolidation tools, a POS solution for territories with trading operations and new reporting tools allowing automatic generation of the Key Financial Indicators required for IFAS reporting. The scale of this international project covering 41 financially supported territories is

significant and unprecedented within the global Salvation Army.

The IFAS project made significant progress during 2022/23 successfully implementing NetSuite in Tanzania, Malawi and Rwanda and Burundi

Territories and undertaking complex preparations towards rollout of the software to all six Indian territories that was successfully achieved following the year end in April/May 2023. The following chart illustrates the project status as of 31 March 2023:

DESCRIPTIONS	STATISTICS
Number of NetSuite users trained	440
Number of territories implemented in 2022/2023	3
Number of territories implemented to date	16
Number of IFAS project staff	26
Local Project Champions in territories	62
Number of territories to be implemented	25
Number of users enrolled in IFAS E-Learning Suite	443
Number of conferences and workshops held in 2022/23	7

The project is well placed to continue the momentum gained, with close to a full complement of project staff, 62 local project champions trained and in place within territories, 16 territories live on the system at year end (with the six Indian territories implemented shortly thereafter) and a further group of territories prepared for future deployments.

During the year, a budgeting and reporting solution (PBCS) was also deployed to six territories (Indonesia, Kenya East, Kenya West, South America East, Uganda, Zambia) and a Point-of-Sale solution (Zoku) was implemented in the Southern Africa Territory.

An IFAS Champions conference was held in London, UK, to train the next set of territories that will be implemented over the coming months. Territories in attendance were Angola, Brazil, Caribbean, Italy and Greece, Malawi, Mexico, Philippines, Rwanda and Burundi, Spain and Portugal, Tanzania and Zimbabwe, along with the Middle East Region. In addition, various pre-deployment workshops were

organised for all Indian territories to prepare them for NetSuite launch. The IFAS project team also ran monthly webinars to educate, inform and engage IFAS Champions within territories.

The IFAS Learning Management System (LMS) was also launched in July 2022 and by year-end had enrolled 443 users. This suite of e-learning materials provides online training in IFAS policies as per the approved IFAS manual, training in the NetSuite/ PBCS software designed to apply the IFAS principles, training in general accounting skills and training for leaders on how to understand and interpret financial reports.

The IFAS manual was reviewed and updated during 2022/23, following a comprehensive committee-led drafting process including formal review of consultation materials by 50 Salvation Army territories, with a revised 2023 edition of IFAS issued from IHQ in February 2023 and effective from January 2024.



Above: Malawi Territory NetSuite go-live celebration
 Right: IFAS Champions Conference delegates at International Headquarters

D. OFFICE 365 PROJECT

The Office 365 Project involves a large project team based at IHQ and within territories rolling out a new global collaboration and communications solution to provide an official Salvation Army digital identity for every officer and employee who uses technology to achieve mission tasks for The Salvation Army.

During the year, significant increases were achieved in the number of active users globally of OneDrive and Teams applications with continued year-on-year growth in the number of email users. Some 90 per cent of IHQ-provided databases were also successfully migrated away from the legacy database system to alternative in-house or externally provided hosted platforms. The Office 365 project team also facilitated the purchase and shipping of laptops and other devices to territories with 507 devices shipped or awaiting delivery at year-end 2022/23, covering 33 territories.

The next phase of the Office 365 Project also commenced, involving work to provide enhanced Internet connectivity to all financially supported territories as well as introducing a new lower cost and



localised model for the provision of devices. Progress was also made during the year in strengthening the IHQ IT team and building new capabilities in the wider Microsoft 365 product set. This enabled IHQ IT to provide a greater level of support to territories as well as to the Office 365 Project.

Prayers of thanks following delivery of new laptops at Mozambique THQ



KEY STATISTICS

- As the global focal point for managing all Salvation Army international development and mission support projects, IDS was overseeing 534 active projects at the end of March 2023.
- The International Property project team assisted territories in the assessment and development of property schemes for under-utilised assets in India, Kenya, Democratic Republic of Congo and Rwanda during 2022/23.
- The IFAS project team facilitated implementation of new cloud-based accounting software in three territories during 2022/23 with 16 territories live on the system at year-end and 440 users.
- The Office 365 project team facilitated the purchase and shipping of laptops and other devices to territories with 507 devices shipped or awaiting delivery at year-end 2022/23, covering 33 territories.

FUTURE PLANS

A. INTERNATIONAL DEVELOPMENT SERVICES

Over the next year, IDS will continue to strengthen The Salvation Army's transformative impact in engagement with surrounding communities with a particular focus for the IDS team around distribution of resources for capacity building and project management.

Work will continue to develop a global monitoring and evaluation approach aiming to support the most effective delivery possible to those living in poverty and other challenging environments. Further tasks will be progressed to upgrade the Hive Project Database System and IDS staff will continue to provide technical support and high-quality advice to territories through all stages of the international development cycle.

B. INTERNATIONAL PROPERTY PROJECT

The International Property Project team will continue to support capital projects in territories and provide due diligence on property-related proposals globally with forthcoming work items including business planning reviews for established hospitals in Zimbabwe and India to assist the institutions towards long-term financial sustainability. Construction is anticipated to commence on a new officer training college in Rwanda with feasibility work expected for Bangladesh, India Northern, India Western, Kenya West, Kenya East and Mozambique. A number of seminars are also planned to be held to assist territories in property assessments and business planning.

C. INTERNATIONAL FINANCIAL AND ACCOUNTING STANDARDS

The IFAS project team will work towards installation of the new accounting software in the remaining 25 territories, with a significant focus for 2023/24 deployments on rollout of NetSuite to all six Indian territories and successful completion of all the software implementations targeted to 2025/26. Work will also continue to rollout the new budgeting/reporting solution (PBCS) and POS (Zoku) solution to territories. It is also intended to hold an IFAS Live Territories conference in 2023/24 to further resource, train and support territories already using NetSuite software. The team will also undertake pre-deployment visits to prepare territories for implementations planned for 2024/25.

D. OFFICE 365 PROJECT

Over the next financial year, the project plans to fully implement Office 365 in the THQ of at least six financially supported territories, including a review of technical hardware and appropriate upgrades, fully trained personnel and technical support in place. Technical support will also be provided by an expanded service desk utilising local, regional and IHQ IT support teams.

Work is also planned to review and update networking and Internet connectivity at a further 24 THQs in 2023/24, dependent on availability of hardware and delivery lead times, and to procure, distribute and deploy an additional 435 laptop devices to THQs of financially supported territories.



3

INTERNATIONAL PERSONNEL TRAINING AND DEVELOPMENT

OVERALL OBJECTIVE

To provide effective leadership and share knowledge and expertise through the strategic deployment of personnel.

SPECIFIC AIMS

International personnel training and development objectives for 2022/23 included supporting training colleges around the world as they train officer cadets for culturally relevant ministry, planning for an International Training Principals' Conference and continued delivery of an inclusive leadership course with online learning modules. Further objectives were to deliver orientation training for new leadership in territories through a two-stage programme involving an early online intensive course and to offer residential training at the International College for Officers.

ACHIEVEMENTS

The International Officer Training and Leader Development Council (IOTALDC) met several times during the year, with membership drawn from across the global Salvation Army, to review and develop key areas of training and development for leaders within The Salvation Army.

The Council this year focused on planning for an International Training Principals' Conference to be held following the year end in Nairobi, Kenya. The theme of the event was decided as 'Called, Covenanted, Commissioned', with the conference aiming to explore how current trends in officer training could be strengthened to envisage a central call for mission, readiness to serve in cross-cultural environments, engagement through setting of mission priorities and taking responsibility to bring people to Christ and cultivate Kingdom values.



INCLUSIVE LEADERSHIP COURSE: First launched in 2019/20, the Inclusive Leadership Course (ILC) offers an online platform for skills training for officers to engage with at any time and any speed. The programme was further refined and developed in 2022/23, blending biblical values with corporate training in such disciplines as coaching, team building and change management. Its target audience is officers (post five years of service) who serve in roles as team leader or executive directors. At the year-end, 689 delegates were registered for the ILC with 469 current participants and 220 completions since the launch.

INTERNATIONAL COLLEGE FOR OFFICERS (ICO): Based at Sunbury Court, London, the ICO brings together groups of officers from around The Salvation Army world for a six-week training experience that considers the challenges and opportunities facing Salvation Army leaders in the 21st century. Each six-week session provides delegates with opportunity for a deep ongoing consideration of leadership within The Salvation Army, including topics such as personal spiritual formation, leadership, ethics, social justice and international finance and administration, plus opportunity for personal, spiritual and emotional refreshment.

Following disruption due to the COVID-19 pandemic in the two preceding years, the ICO accommodated slightly larger sessions than normal in 2022/23 with four sessions held comprising a total of 136 gifted and courageous leaders who fully applied themselves to the ICO curriculum throughout the six-week journey. One session included a Spanish translation group with 15 officers.

Each of these respective sessions quickly became a dynamic worshipping body as delegates shared their sincere and diligent prayers to grow in their spiritual maturity and leadership capacity and demonstrate the values of the ICO: Christlikeness, Integrity, Missional Leadership and Respect for Each Other. The ICO sets an ideal for each officer to respect their commitment to serve the risen Christ with integrity, deeply value their covenant life, honour God for his calling and deepen their unique leadership abilities.



Members of the International Officer Training and Leader Development Council

Delegates expressed appreciation for the lectures offered with subject titles including: 'The Coaching Leader', 'Selfless Leadership', 'Leading Me', 'Growing Leaders' and 'Becoming a Catalyst for Kingdom Transformation'.

SENIOR LEADERS' ORIENTATION: When officer personnel are appointed to senior leadership roles in territories, they participate in a two-stage leaders' orientation programme organised by IHQ that offers an overview of senior leader responsibilities, processes and procedures as well as soft skills training for executive leadership. The orientation programme operated in 2022/23 with the first stage involving a week-long online programme introducing new leaders to important aspects of their roles and relevant responsibilities in the early months of their appointment. The second stage required attendance at one of two residential conferences held during the year in London, UK, where leaders gathered in cohorts to receive training, develop spiritual executive leadership skills and obtain practical orientation into senior leader roles.



Meeting room at Sunbury Court



Online learning: delegates from around the world attend a Senior Leaders' Orientation Conference

KEY STATISTICS

- As of 31 March 2023, 689 delegates were registered for the Inclusive Leadership Course, designed for the development of Salvation Army officers in preparation for potential leadership roles, with 469 current participants and 220 completions since the launch.
- During the year, 136 delegates attended the International College for Officers benefitting from a six-week taught curriculum.

'Each six-week session provides delegates with opportunity for a deep ongoing consideration of leadership'

FUTURE PLANS

The International Personnel team will continue work to review, develop and implement policies for training and leader development including frameworks for the development of Salvation Army officers, preparation and orientation of officers entering executive leadership roles and capability-building for leaders.

Other areas of future focus include continued oversight of the international resource repository for training and leader development, creation of a Territorial Operational Leaders' development programme, additional promotion of the inclusive leadership course, encouraging coaching and mentoring of new territorial strategic leaders and continuing work on capability development frameworks. In addition, the team will work to foster and develop succession planning in territories around the world, ensuring potential future leaders are intentionally included on a development pathway opening possibilities for personal growth, wider experience and experiential learning.



4

CRISIS RELIEF

OVERALL OBJECTIVE

To respond to and help meet the needs arising from major crises.

SPECIFIC AIMS

The International Emergency Services (IES) team based at IHQ aims to support territories affected by disaster and crisis, providing technical assistance, funding and trained personnel to support relief and recovery activities.

Another key objective is to provide training courses to territories and individuals in order to strengthen local capacity, particularly in disaster-prone areas, and to assist in disaster preparedness and disaster risk reduction awareness. This year the major focus was on the response to the war in Ukraine, while at the same time maintaining support and provisions to other natural and man-made disasters.

ACHIEVEMENTS

During the year IES supported 137 projects in 41 countries in 31 territories. IES provided support to territories around the world responding to severe weather-related disasters such as floods in Brazil (June 2022), Pakistan (from July 2022), Uganda (August 2022), Sri Lanka (October 2022) and Zambia (February 2023) and storms such as Typhoon Karding (Noru) in the Philippines (September 2022), Hurricane Fiona on

the Dominican Republic (September 2022), Hurricane Ian in Cuba (September 2022) as well as drought response in Tanzania and Kenya (from mid 2022).

IES provided support following earthquakes in Indonesia (December 2022) and to address human-made disasters such as conflict and displacement situations in Nigeria (June 2022), Papua New Guinea (July 2022), Democratic Republic of Congo (August 2022), Burkina Faso (August 2022), Republic of the Congo (October 2022) and the economic crisis in Sri Lanka (October 2022).

RUSSIA/UKRAINE WAR: The Russia/Ukraine conflict started on 24 February 2022 and more than a year later over 8 million people from Ukraine had crossed borders into neighbouring countries and across Europe with 5.4 million people displaced within the country. With coordinating leadership at IHQ, The Salvation Army worked throughout the year to support people in Ukraine and to assist Ukrainian refugees in 29 countries throughout Europe. By 31 March 2023, IES had approved 83 projects associated with the Ukraine crisis providing support in various sectors such as emergency and longer-term shelter assistance, food, hygiene,

Offering aid to conflict-displaced people in the Democratic Republic of Congo





Offering aid to flood victims in Pakistan

bedding and clothing items, cooked meals, cash and voucher-based assistance, food, anti-human trafficking awareness raising and referral services.

IES not only provided operational support for the response but also arranged for deployment and management of trained and experienced international personnel to support local relief initiatives and provide logistical support, especially regarding warehousing and transportation of relief items into Ukraine. To assist the IES team in the management of the large project portfolio, as well as to provide strategic guidance and oversight, a Ukraine Response Unit was established at IHQ. The Unit sits within IES and coordinates with all other IHQ departments as well as other territories and all relevant stakeholders on the ground.

TRAINING: Emergency services training courses usually feature in the annual programme of events and IES is always willing to support in the capacity strengthening of territories as they plan for disaster risk reduction and enhanced response activities. During the year, classroom-based PREPARE training courses were held in Zimbabwe and the Netherlands and election preparedness and peace building training in Nigeria. IES also facilitated an online training course in February/March 2023 with 39 delegates attending from 23 territories. The training took place over eight weeks and included online live sessions, online training courses by other organisations, reading and assignments and a mentorship programme whereby every delegate was allocated an experienced mentor to walk alongside them on their learning journey.

'The Salvation Army worked throughout the year to support people in Ukraine and to assist Ukrainian refugees in 29 countries throughout Europe'



Queues outside a Salvation Army aid distribution centre in Kropyvnytskyi, Ukraine

KEY STATISTICS

- During the year, IES facilitated approval of 68 rapid response proposals for immediate lifesaving activities and 69 emergency proposals for longer-term relief and recovery activities.
- By 31 March 2023, IES had approved 83 projects associated with the Ukraine crisis providing support in various sectors such as emergency and longer-term shelter assistance, food, hygiene, bedding and clothing items, cooked meals, cash and voucher-based assistance, food, anti-human trafficking awareness raising and referral services.

FUTURE PLANS

IES will continue to support territories affected by disaster and crisis, providing technical assistance, funding and trained personnel to support relief and recovery responses and mitigate continuing impacts of natural and human-made hazards and disasters.

During 2023/24, IES will continue oversight, management and technical guidance as required for Ukraine crisis response across Europe, maintain work to promote and support the development of disaster management strategies for territories and seek to improve timely reporting of project outcomes by territories to IHQ.



Linking Relief, Rehabilitation and Development



RESILIENCE PLANNING

The phases of Prevention, Preparedness and Mitigation are part of resilience planning with the outcome being the ability of the community to bounce-back after the disaster.



Above: diagram showing the link between disaster response, rehabilitation and development

Left: at a children's holiday camp in Ureki, Georgia - part of a rehabilitation programme for Ukrainian refugees

Opposite page: Nikitina Evgenia (right), a Ukrainian refugee. She fled from Ukraine to Georgia with her two sons and volunteered at Batumi Salvation Army Corps. She helped out, cooking meals for the refugees from Ukraine.





5

HEALTH SERVICES FOR THE POOREST PEOPLE

OVERALL OBJECTIVE

To strengthen The Salvation Army's capacity to support poor and marginalised people in accessing quality primary healthcare services as close to the family as possible.

SPECIFIC AIMS

The International Health Services (IHS) desk at IHQ seeks to provide support, supervision and technical support to healthcare facilities around the Salvation Army world. A major focus for 2022/23 was to assist Salvation Army health services to continue re-establishing daily operations after the COVID-19 pandemic and to support health institution facilities to move forward with property renovations and equipment purchases to better service the needs of patients.

ACHIEVEMENTS

Health institutions in territories are often situated in remote and rural areas where other professional personnel are unable or unwilling to deliver health

services. These hospitals and clinics are often the focal point of the community, not only offering healthcare but also a safe space where all people are served without discrimination. Unfortunately, these conditions pose significant challenges to our delivery systems. Financial constraints, government regulations, quality staff retention and the increasing need for technology advances are all issues that confront Salvation Army health services. These challenges were accentuated in the period following the COVID-19 pandemic, however Salvation Army institutions continued offering quality, life-saving healthcare throughout the year. Health institutions focus on areas relating to local needs and offer a wide range of services in areas such as: maternal and child health, infectious diseases (e.g. malaria, cholera, bilharzia), detection and management of communicable disease (e.g. HIV and Aids, tuberculosis and leprosy), nutrition

Students outside the Salvation Army Nursing College in Nagercoil, India





Doctors' rounds at Catherine Booth Hospital, Nagercoil, India

advice and management, detection, monitoring and management of non-communicable conditions (e.g. diabetes and hypertension), sexual and reproductive health, early detection and management of cancers, emergency care and general surgery.

The Salvation Army also provides a significant number of nursing, midwifery and biomedical science colleges around the world developing the skills and fulfilling the passions of thousands of young people. In addition, Salvation Army schools and colleges provide significant support to national efforts to help reduce the shortage of health workers that many countries around the world experience. As a large-scale provider of faith-based, high-quality care, particularly to poor and marginalised communities, The Salvation Army strives to treat people with dignity and respect. The following examples illustrate this significant service provision:

INDIA: The Salvation Army opened its first dispensary in 1893 where the Catherine Booth Hospital in Nagercoil, Tamil Nadu now stands. Establishment of this simple yet critical service provided one of the early steps in the spread of health ministry around the Salvation Army world. Over the last few years, the Catherine Booth Hospital has undergone a comprehensive restructuring which

included renovating old buildings and updating medical equipment. From funds provided by the Trust and financially independent Salvation Army territories, a modernisation initiative was developed to upgrade the Intensive Care and Dialysis units. As a result of this work and the dedication of committed local staff, the Catherine Booth Hospital successfully attained the standard necessary to enable it to be accredited by the National Accreditation Board for Hospitals (NABH). This was a prestigious achievement and demonstrates the hospital's commitment to quality care and patient safety.

ZAMBIA: Due to a shortage of laboratory personnel across Zambia, Chikankata Mission Hospital opened a College of Biomedical Sciences. The college began in 2008 with 20 students and four repurposed hospital buildings and managed to partner with the government and other healthcare providers to develop a campus that is now able to train more than 200 biomedical scientists each year. Once qualified, graduates are posted throughout Zambia. A day programme and subsidised fees ensure that people around the rural area of Chikankata also have the opportunity to be trained. Due to the increase in student numbers, the Trust provided additional funds to ensure a complete upgrade of the electrical system around Chikankata Mission and supported



Above: biomedical school students in class at Chikankata, Zambia

a project to install a new water system at the hospital and the associated colleges. The College of Biomedical Sciences will benefit greatly from both these developments. A team led by IHS staff also visited the hospital and College of Biomedical Science during 2022/23 to provide much needed technical support.

CONGO (BRAZZAVILLE): The Moukoundzi-Ngouaka Health Clinic is situated in the southern part of Brazzaville. The clinic was built in 1967 and is comprised of three units; a general health centre, an ophthalmology unit and a maternity unit. With the support of financially independent Salvation Army territories facilitated by IHS, the clinic this year was able to purchase neonatal and delivery equipment for the maternity unit. Items included a new autoclave, delivery beds, stethoscopes, baby cots and thermometers.



Above: at the baby unit at Catherine Booth Hospital, Nagercoil, India





Opposite page and above: biomedical school students studying at Chikankata, Zambia

KEY STATISTICS

- During 2022/23, The Salvation Army's 27 hospitals and 136 clinics around the world, engaged or employed 5,109 healthcare professionals who delivered care to 320,234 in-patients and 1,208,435 outpatients.
- IHS personnel directly assisted 14 territories during 2022/23 through visits, ongoing monitoring operations, regular technical support calls and regular help and advice.

FUTURE PLANS

IHS will continue to provide technical support and supervision to hundreds of clinics, hospitals and nursing/biomedical colleges around the world, ensuring that all Salvation Army health programmes are technically sound, accountable and an integrated part of Salvation Army mission, meeting required standards of the country where they are based.

During 2023/24, IHS will develop a Monitoring, Evaluation and Learning system enabling review and update of data collection and impact measurement processes to have a better understanding of hospital services and effectiveness in delivering relevant health services. The system will also assist the process of connecting Salvation Army health services across the world and enable cross territorial learning.

Work will also be undertaken to review long-term sustainability within some of the larger, general hospitals seeking to adjust and be agile in service to poor and deprived people in response to changing operational and missional climates. Alongside this effort, projects will also be progressed to refocus health services to have much stronger emphasis on community health programmes and primary healthcare as locally as possible.



FIGHTING *AGAINST* SEXUAL TRAFFICKING AND FOR SOCIAL JUSTICE

OVERALL OBJECTIVE

To take action to combat the massive and growing evil of sexual trafficking and to create awareness of social injustice in the world.

SPECIFIC AIMS

To support victims of human trafficking, work to prevent people being trafficked and raise awareness of social injustice by building capacity in people, developing effective partnerships, sharing quality resources and promoting best practice. This year, major aims were to re-engage with United Nations (UN) working committees and forums as in-person meetings recommence following COVID-19 restrictions, to build up modern slavery and human trafficking responses and to grow the work of the International Social Justice Commission (ISJC) in campaigning for social justice.

ACHIEVEMENTS

The ISJC, with its secretariat funded by the Trust and based in New York, is The Salvation Army's strategic voice advocating for human dignity, human rights and social justice in all parts of the world. The ISJC, with the International Moral and Social Issues Council (IMASIC), and the International Modern Slavery and Human Trafficking Response Council

(IMSHTRC), exercises leadership in determining The Salvation Army's policies and practices in the international social justice arena.

The ISJC works closely with those who have a track record of seeking God's justice for the world, in order to learn from them, distil experience and share lessons with others. Areas of ISJC attention and global engagement include, though are not limited to, poverty, racism, sexism, refugees and asylum seekers, indigenous peoples, climate change, gender-based violence and modern slavery and human trafficking. In the period under review, the following were notable achievements:

UNITED NATIONS: The ISJC, reflecting the international Salvation Army, campaigns for a holistic understanding of people and an integrated global plan for fair, sustainable and equitable development for all nations. If the Salvation Army wants to continue to have a voice in the global community, it is essential that Salvationists are present at the table and have global and up-to-date knowledge

Anti-trafficking outreach work in the Democratic Republic of Congo





The Lived Experience Engagement Program (LEEP) in Australia

of issues. During the year under review, the ISJC represented The Salvation Army at the UN (and numerous other bodies) seeking to build strong alliances to end extreme poverty and promote sustainable development. A significant milestone was reached in September 2022 with the first in-person meeting of the UN General Assembly held since the start of the COVID-19 pandemic and many new global leaders took this opportunity to introduce themselves to the Assembly and speak to the concerns and achievements of their particular context and country. This dialogue process highlighted the losses experienced during the COVID-19 pandemic and spurred the decision to embrace six additional Strategic Development Goals for active implementation. The ISJC engaged in multiple forums around the Assembly with the often-heard phrase around this period of 'Building Back Better' providing a lasting reminder to countries not only to re-establish the systems and infrastructure lost during COVID, but to take the opportunity to improve and advance.

MODERN SLAVERY AND HUMAN TRAFFICKING:

The Salvation Army international response to Modern Slavery and Human Trafficking (MSHT) around the world continued to evolve during 2022/23. This global, multi-layered response surrounding advocacy, prevention and intervention is a crucial part of the work of the ISJC. The Salvation Army is deeply committed to fighting MSHT with a theological and historical mandate, and is uniquely equipped and has a role to play in this vital work. The following impact stories illustrate activity undertaken around the world during the year supported by the global MSHT monitoring and support structures in place at ISJC:

LATIN AMERICA NORTH: The constant exodus of refugees in search of a better and safer life has become a significant pathway towards people's vulnerability to MSHT. The crisis in Venezuela of its people fleeing on foot throughout South and Central America to escape violence, insecurity and poor livelihoods leaves many Venezuelan refugees at constant physical risk and vulnerable to falling into the hands of human traffickers. In response to these migration concerns, the Latin America North Territory, made up of 10 countries, adopted an



Raising awareness of MSHT in Uganda

inclusive response where it leverages the strengths of and locations where The Salvation Army is present to create a safe passage for the high-risk migration routes refugees find themselves in. The territory's community outreach efforts focused on protecting and safeguarding Venezuelan refugees on their dangerous journey. The territory also responded by raising awareness and providing education on how to stay safe throughout the journey and offered support services, such as housing, meals, medical services and pastoral care as refugees are in transit.

AUSTRALIA: Through its Lived Experience Engagement Program (LEEP), The Salvation Army in Australia has piloted and facilitated the first ever Survivor Advisory Council for the Australian Government. LEEP is centred around engaging and including survivors to offer their expertise and lived experience to strengthen the government's national approach to MSHT response and inform policy changes. The team of five survivors who made up the first Survivor Advisory Council participated in the National Roundtable on Human Trafficking and Slavery where key priorities in the sector were identified and created together. The key priorities identified were prevention, identification and

support for victims and their hopes for survivor leadership in the sector. The Salvation Army continues to partner with the government to learn from this pilot to ensure survivor leadership is part of the foundation for responding to MSHT.

UGANDA: The Uganda Territory responded to MSHT holistically by working together to maximise impact. The territory has an MSHT Task Force in place made up of representatives from territorial and divisional women's ministries, community development, youth, commands, child protection and the officer training college - embodying an integrated mission approach to leverage strengths. An MSHT project under the Women's Ministries department was progressed to support and journey with survivors located in different countries who need to return to and reintegrate within Uganda. While anti-trafficking project personnel organise the practical support together with partners, Women's Ministries officers respond with social and emotional support to ensure long-term thriving once survivors are returned to Uganda. Training on MSHT in the territory is inclusive of all departments to ensure that knowledge is shared, transferred and jointly developed.

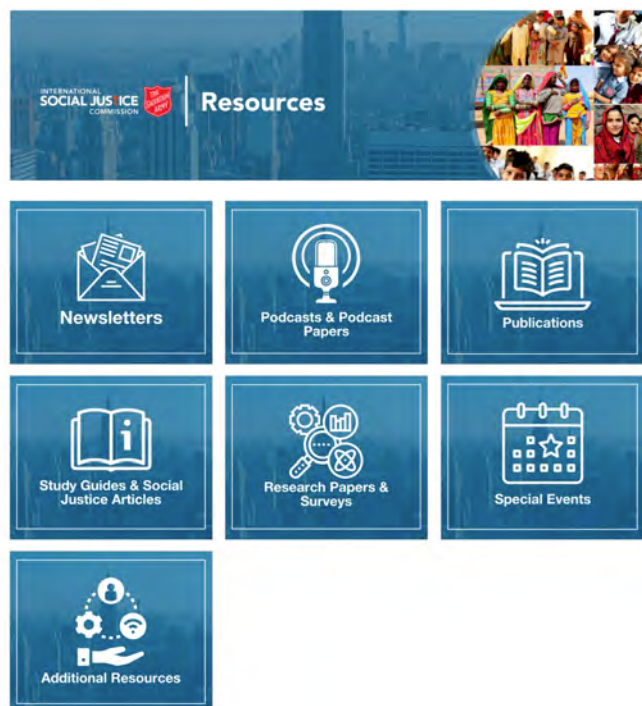
RESEARCH: A number of significant research projects were completed by ISJC staff during the year, including completion of a global survey of Salvationists at grassroots level with feedback from 1,700 participants published to highlight matters of interest to congregations. The number one issue highlighted for future action and campaigning against was racism in its various expressions and forms across the world. Some specific aspects of this research have now been identified for further study to assist with policy analysis and the production of research materials.

COMMUNICATIONS: The ISJC social media platforms were also actively used during 2022/23 to provide a framework to demonstrate the international work of The Salvation Army and to share outcomes with governments and other partners. A new position of ISJC Communications Manager was created and filled in the year to further develop this area of work. A large body of social justice resources produced by ISJC is publicly available and can be accessed from the ISJC website at: <https://www.salvationarmy.org/isjc/resource>



KEY STATISTICS

- The Salvation Army is active in responding to MSHT with prevention programmes and initiatives underway across 95 per cent of Salvation Army territories.
- The Salvation Army engages with the UN in Geneva, Nairobi and New York. In the year under review, Salvation Army personnel attended 62 special events and briefings of the UN.



FUTURE PLANS

The ISJC will continue to act as the strategic voice of The Salvation Army advocating for human dignity, human rights and social justice in all parts of the world. Partnering closely with those who have a record of seeking God's justice for the world, the ISJC will seek to both learn and contribute from a strong Salvation Army world view. The Salvation Army will continue to partner with other religious groups, other nongovernmental organisations, the UN, the World Bank Group and others towards the vision of a world where all people can experience life in all its fullness.

The ISJC will also work with territories to continue to develop locally relevant MSHT response strategies, particularly in areas where existing capacity is low and poorly resourced. Further work will also be undertaken to build partnerships with UN working committees and forums seeking to provide not only a rich collaboration but a synergetic space for considering new possibilities and solutions to create a just world where all may flourish. A detailed review of ISJC operations over the past 15 years will also be undertaken to explore continued relevancy and focus of ISJC activities, with findings to be shared with international leadership during 2023/24.

FINANCIAL REVIEW

FINANCIAL REVIEW

Group accounts for The Salvation Army International Trust, incorporating Reliance Bank Limited and The Salvation Army Leaders' Training College of Africa and Resource Centre Limited as subsidiaries of the Trust, are presented for 2022/23 as well as charity results, assets and liabilities for The Salvation Army International Trust (see pages 74 to 103 for the Accounts). The Group accounts reflect notable differences to the charity only results most especially for investments, debtors and prepayments, bank balances and current liabilities (see Notes 25-28 to the Accounts). The Group Accounts exclude SAITCo which is the managing trustee.

The commentary below relates to the charity only results for The Salvation Army International Trust with separate comments offered on the subsidiaries and Group accounts in the labelled sections on page 67 and 68.

The net movement in funds for the year ended 31 March 2023 increased by £0.26 million, moving from £13.01 million (2022) to £13.27 million (2023). Variances contributing to the total net movement in funds are outlined below.

INCOME

The primary income streams of the Trust are donations from Salvation Army territories to the International Self-Denial Fund to support the work of the global Army and Headquarters Support contributions from Salvation Army territories to fund the operation of IHQ.

Total income increased from £44.61 million (2022) to £69.14 million (2023). External donations and legacies increased from £0.23 million (2022) to £2.83 million (2023). Contributions from Salvation Army territories to the International Self-Denial Fund increased from £24.85 million (2022) to £27.75 million (2023) with most territories able to maintain funding levels to IHQ despite ongoing global financial constraints during the year. Donations from Salvation Army territories increased from £3.74 million (2022) to £21.96 million (2023) owing mainly to significant restricted donations from USA territories towards Officers' Support Endowment

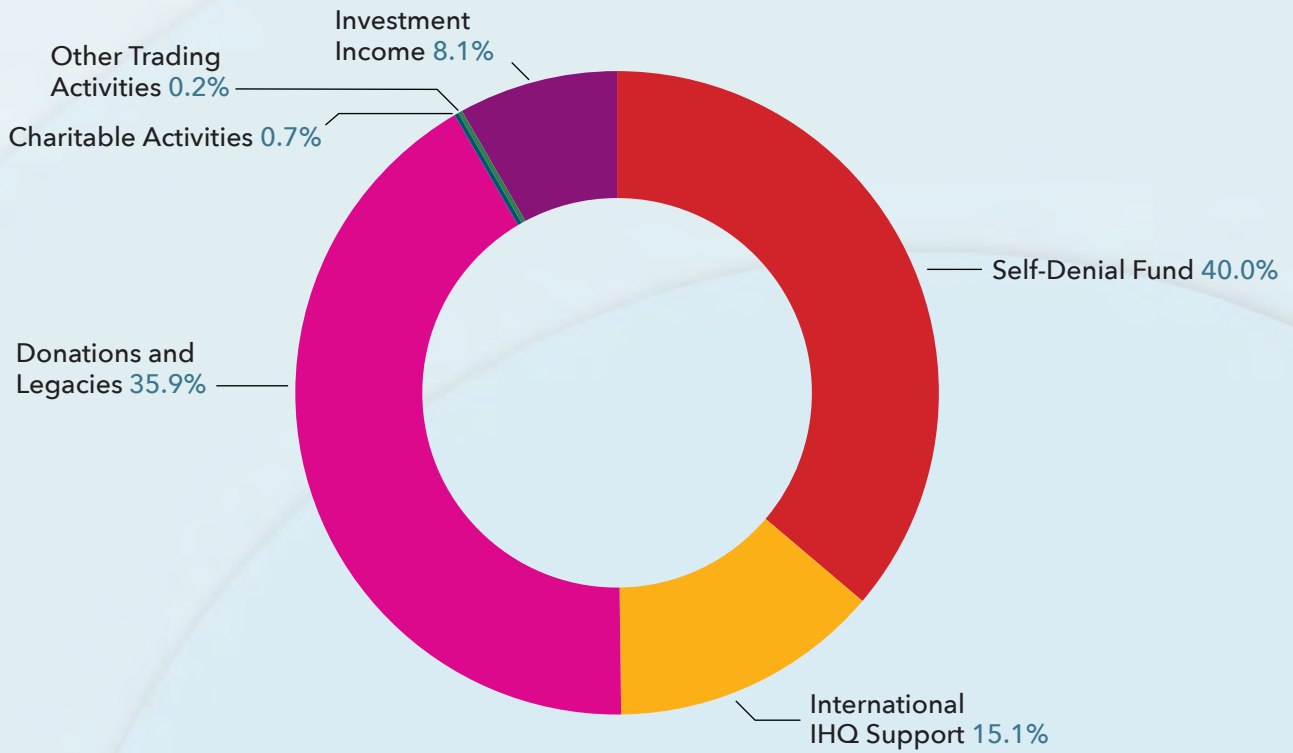
Fund (OSEF). Headquarters Support funding from Salvation Army territories showed little movement from £10.09 million (2022) to £10.42 million (2023).

Investment income increased slightly from £4.65 million (2022) to £5.58 million (2023) while income from charitable activities showed a year-on-year increase of £60,000 and trading income a decrease of £54,000. Gains on disposal of properties decreased from £453,000 (2022) to a loss of £6,000 in 2023.

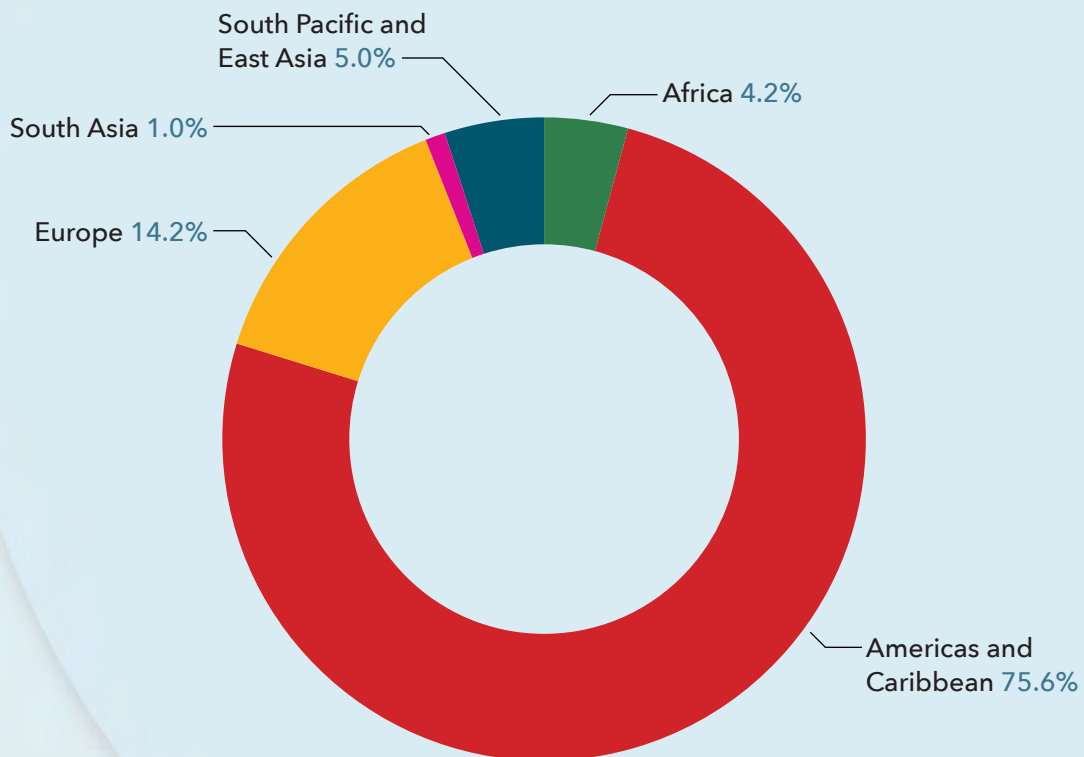
The bank has returned to profit in the current year though no qualifying charitable donation was received in 2023, as it continues to invest in its organisational structure and systems

The following pie charts illustrate the sources of income for 2022/23 and contributions to the International Self Denial Fund:

INCOME 2022/2023



CONTRIBUTIONS TO INTERNATIONAL SELF-DENIAL FUND 2022/2023



EXPENDITURE

Expenditure across the six charitable activities in which The Salvation Army International Trust is engaged is detailed in Note 10 in the Accounts. Spending on charitable activities totalled £54.39 million (2023) representing an increase of £7.08 million on the previous year. Financial assistance to Salvation Army territories increased from £30.48 million (2022) to £32.10 million (2023).

Expenditure of £14.35 million (2023) was incurred on International Personnel and Development, £4.74 million (2023) on World Mission and £1.44 million (2023) on Crisis Relief, reflecting the cost of some of the strategies in which the Trust is engaging, as referenced earlier in this report. The cost of raising funds, relating primarily to investment management costs and the cost of letting of property, had a small decrease from £1.76 million (2022) to £1.62 million (2023).

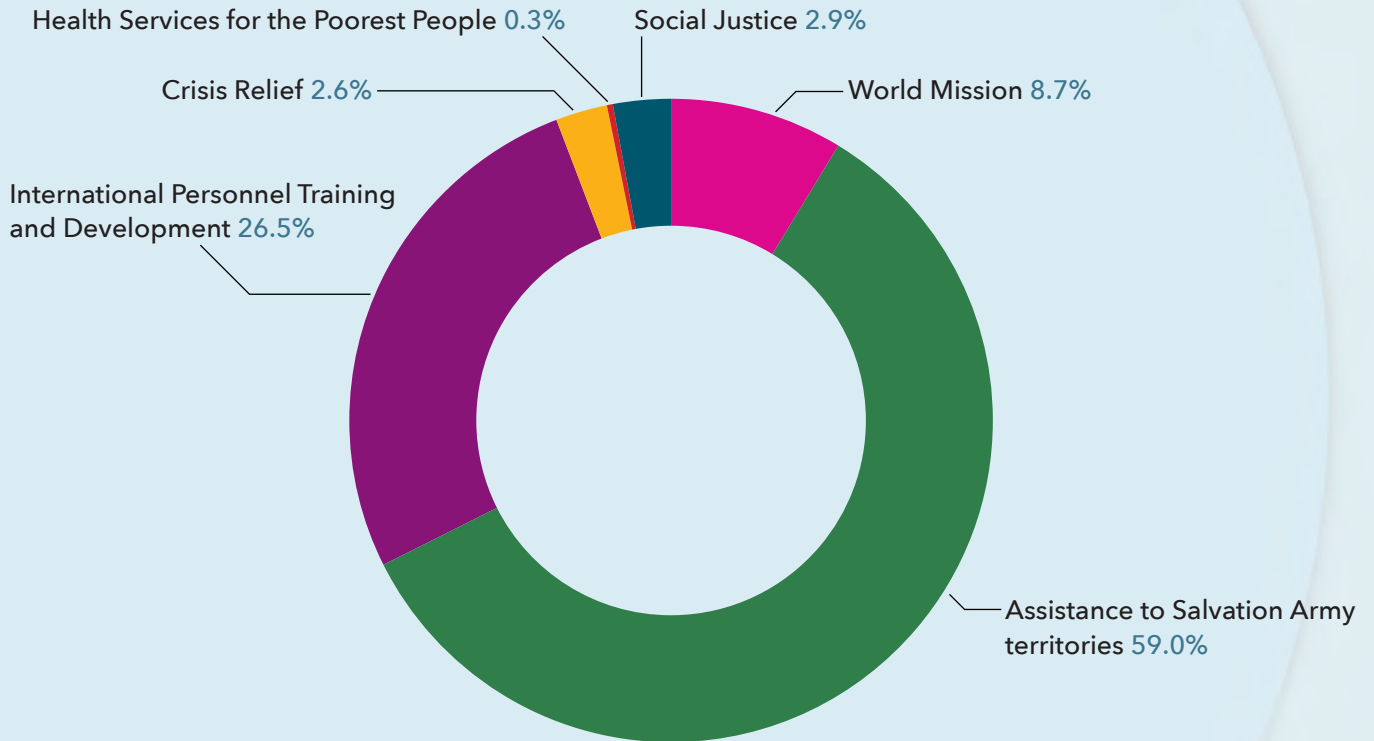
The following pie charts illustrate 2022/23 expenditure on charitable activities and the geographic spread of support of overseas work:

‘Spending on charitable activities totalled £54.39 million (2023) representing an increase of £7.08 million on the previous year.’

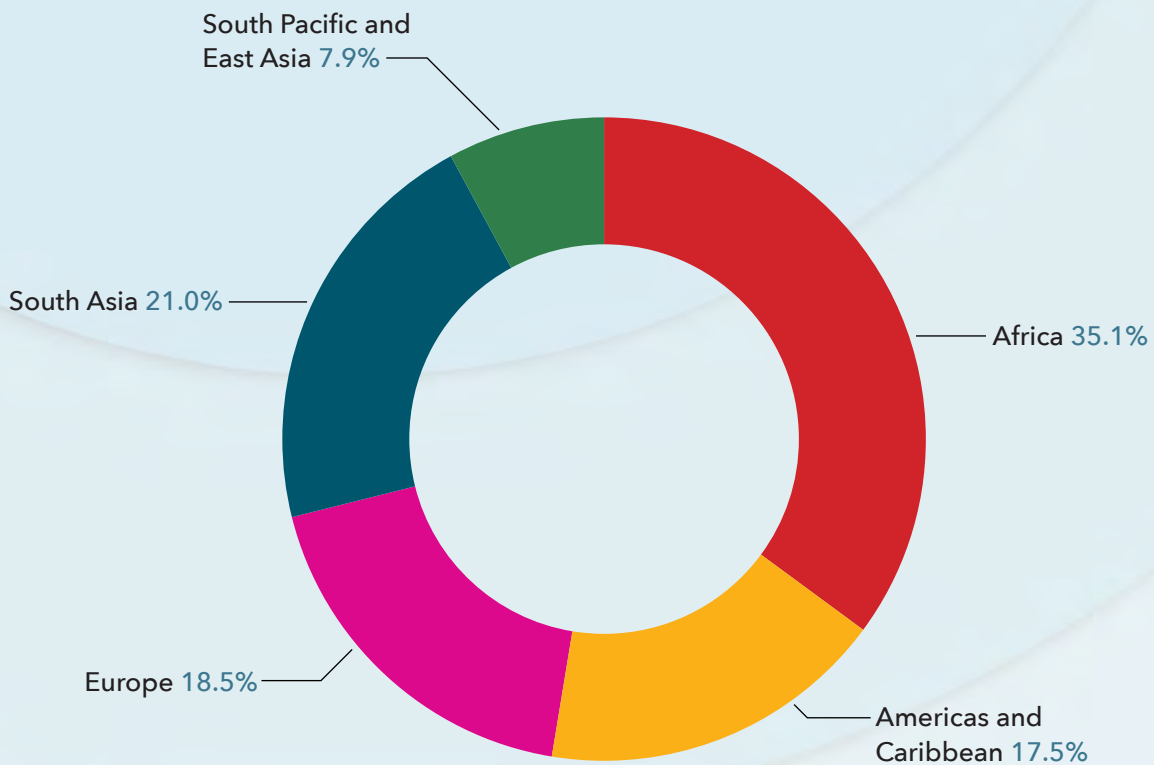


Mariia and Mykola, two Ukrainians being helped by The Salvation Army in Le Havre, France

EXPENDITURE ON CHARITABLE ACTIVITIES 2022/2023



SUPPORT OF OVERSEAS WORK 2022/2023



Other notable variances contributing to the total net movement in funds include, net losses on investment assets of £3.79 million, down from a gain of £15.72 million (2022) reflecting market conditions and representing both the realised and unrealised gains arising on sales and the market value of investments held at year end.

The net movement in funds for the year ended 31 March 2023 was £13.27 million with a deficit on unrestricted funds of £7.7 million and a surplus of £20.97 million on restricted funds. Total funds of £361.96 million were held at year end.

FUTURE PLANS

The Trustee seeks to maintain the strong financial position of the Trust and will continue to explore means to increase the scale and scope of charitable activities while continuing to encourage Salvation Army territories to move towards financial self-reliance through provision of targeted financial support and other resources.

The two large scale international projects currently underway will materially impact the Accounts of the Trust during 2023/24 and subsequent years being the roll out of a new global email solution and implementation of cloud-based accounting software to all financially supported territories. There are no anticipated property projects that will require significant grants in the next year.

GOING CONCERN

The Trustee reviews the financial plans of the Trust on an ongoing basis as part of a programmed budget cycle including consideration of principal financial risks; it also receives and reviews cashflow forecasts identifying any liquidity risks.

The operation of the Trust and ability to meet the objectives outlined throughout this report are recognised as impacted by the ongoing Ukraine/Russia crisis and other external events with associated global and national economic impacts

and inflationary pressures. Since 31 March 2023 to the date of signing of these financial statements the Trustee has considered the effect of external crises on the Trust as a going concern, its resilience through this period and the effect on the assets and funds of the Trust.

In addition to the operations of the Trust, SAITCo is actively monitoring the impact of the Ukraine/Russia crisis in particular upon Salvation Army territories in the region, with periodic updates provided to the Board considering the impact of the Ukraine/Russia crisis upon Salvation Army operations, the financial position of the Trust, the reserves policy of the Trust, the investment portfolio of the Trust and associated logistical matters.

The Trust holds a strong balance sheet with availability and liquidity of cash and unrestricted investments with, for example, current liabilities, including amounts due to Salvation Army territories, at the 2022/23 year-end totalling £10.10 million against net current assets of £41.17 million of which £35.71 million is held in highly liquid current asset investments and cash at bank.

The Trustee is confident the Trust is well placed to meet the Ukraine/Russia crisis and other external events, including general inflationary pressures, and continues to achieve its grant-making and other objectives due to its strong financial position, investment strategy and reserves policy (see below) all underpinned by the governance structures of SAITCo.

The Trustee continues to monitor developments closely in relation to the Ukraine/Russia crisis and other external events and remains confident that the level of reserves held is adequate in the changing economic climate and does not impact adversely on the Trust's going concern status. The Trustee is satisfied that the Trust has sufficient resources to continue operating for the foreseeable future following review by the Audit Committee of a going concern assessment to March 2025. The Trustee has not identified any material uncertainties related to going concern and the accounts are therefore prepared on a going concern basis.

INVESTMENTS

Listed investments (see Note 25 in the Accounts) are managed under the terms of an investment management agreement with Sarasin & Partners LLP. The investment manager is required to make investments on behalf of the Trust in line with benchmarks that have been set and against which performance is measured.

The Investment Committee which sits to review investment performance receives periodic reports on matters pertinent to its investment policy and this facilitates discussion which, in turn, enhances the committee's understanding of the relationship between its Christian conviction and ethos and investment return; and even more importantly, the positive effect that its policy can have on companies which themselves may (or may not) be seeking to improve conditions in many parts of the world. The reports are tabled at full board meetings so that those directors who do not sit on the Investment Committee have an opportunity to add to the debate and have greater understanding of the issues that the Trust can tackle through its investment policy. SAITCo has established an ethical investment policy to reflect The Salvation Army's ethical and moral stance which is required to be followed by the appointed investment manager. No breaches to this policy have been reported to SAITCo during the year.

The SAITCo ethical investment policy excludes investment in companies which derive more than 10% of their revenues in aggregate from any of the following categories:

- a. the production and/or sale of alcohol
- b. the production and/or sale of tobacco
- c. the manufacture and/or sale of whole weapons, weapon platforms and weapon systems
- d. the manufacture and/or sale of strategic parts for weapon systems
- e. the promotion or operation of gambling enterprises the provision of adult entertainment services
- f. the publication and/or sale of pornographic media
- g. the extraction of thermal coal or the production of oil from tar sands.

For the avoidance of doubt in relation to subparagraphs (c) and (d) above, 'weapons' refers to both nuclear and conventional weapons. In addition, investment is excluded in companies with disregard for human rights and/or the pollution of the environment. The following table gives the long-term ranges and current weightings expressed in percentages of the Trust's investment funds:

ASSET TYPE AT 31/03/23	LONG-TERM RANGE	YEAR END POSITION WEIGHTINGS
Fixed Income	10 - 30%	18.6%
Equities	70 - 90%	76.4%
Liquid Assets	0 - 10%	5.0%
Total		100%

For the year ended 31 March 2023, the portfolio total return amounted to -3.9% against an ethically adjusted comparator return of -4.8%.

The first three quarters of the year were dominated by higher levels of prevailing inflation and tighter monetary policy, which led to sharp falls across the major asset classes. There were very few hiding places for international, multi-asset investors with only the US dollar and selected alternative investments delivering positive returns over the year as a whole. The only sector to deliver meaningful positive returns within the equity market was oil and gas (not owned), with those companies benefitting from higher commodity prices, prompted by constrained supply and elevated demand. Global equities rebounded in the final quarter of the year, thanks to the better outlook for US inflation.

Investment strategy going forward will continue to be closely monitored by the SAIT Investment Committee in consideration of external events and emergent market conditions.

GRANTS

In supporting The Salvation Army's work overseas, territories, commands and regions produce annual budget proposals, covering all aspects of their operations that are reviewed at IHQ. Annual grants from the Trust to territories are considered as part of the annual IHQ budget process with proposals reviewed by the International Finance Board, approved by SAITCo and then paid quarterly in advance to each financially supported territory, command, and region (see Note 11 in the Accounts).

Payments from IHQ to territories are made according to the terms of an International Payments Procedure Manual for IHQ (reviewed 2023) which outlines controls over banking transfers, assessment of overseas banking institutions for risk, identification and assessment of situations where funds paid to territories may be remitted on to third parties, controls over international payments direct to overseas suppliers, controls over transporting and controlling cash overseas and prohibitions on use of non-mainstream banking money transfer organisations.

RESERVES

The total funds of the Trust at 31 March 2023 amounted to £361.96 million comprising £48.52 million in restricted funds and £313.44 million in unrestricted funds which includes £307.06 million in designated funds. The General Reserve held £6.38 million at year end which meets the target level for free reserves. The Trustee continues to keep the matter of reserves under review, with a project ongoing to reduce the number of different funds held and examine any historic funds with minimal movement in the past few years, mindful of the legislative framework in place and applicable updates to Charity law.

RESTRICTED FUNDS

A restricted fund can only be used for a specific charitable purpose. The restriction may be declared by the donor when making the gift. Restricted funds held by the Trust include territorial donations and legacies specified for international use. Where possible the intention continues to be to use restricted donations and legacies in the year of receipt, except where the gift is sufficiently large to be used over a longer period or is used for support of multi-year programmes.

DESIGNATED FUNDS

The Self-Denial Fund Reserve represents amounts held to ensure sufficient funds are available to make operational grants to supported territories that are paid in advance on a quarterly basis. The aim of the Trustee is for the balance on this Reserve to be sufficient to fund one year's expenditure in support of overseas work. The balance as at 31 March 2023 of £26.2 million is equivalent to 11.9 months' expenditure. The Investment Appreciation Fund (£74.90 million) represents unrealised and realised gains and losses on listed investments which are still subject to market risk and the Investment Property Revaluation Fund (£47.24 million) represents the surplus on revaluation of tenanted properties held for investment purposes.

Other material designated amounts at 31 March 2023 relate to a reserve held to fund future replacement of the IHQ building (£20.33 million), and an International Property Project Reserve (£4.86 million) held to provide additional property project funding to territories over the next 2-3 years.



The Salvation Army provides food for people affected by droughts in Kitui, Kenya

Other material Designated Funds include reserves of £51.09 million supporting the balances held and invested in the USA on behalf of SAIT to generate income for specific purposes. These are Medical Services Support (£9.25 million), Schools Services Support (£4.49 million) and the OSEF (£37.35 million). In addition, an International Financial and Accounting Standards Implementation Reserve (£3.94 million) is held to fund provision of cloud-based accounting software to territories over the next 2-3 years and an IT Development Reserve (£2.51 million) is held to fund provision of a new global email solution to territories over the next 2-3 years.

An International Schools Development Reserve (£7.77 million) is held to provide additional schools project funding to territories over the next 2-3 years with a Leadership Development Reserve (£3.56 million) held to fund the enhancement of training and personal development for Salvation Army officers over the next 3-4 years. A Children's Homes Support Reserve (£2.70 million) is held to provide ongoing support to improve children's homes facilities over the next 2-3 years and a High Council Reserve (£1.07 million) is held to fund the typically quinquennial election process of a new General. An Exchange Equalisation Reserve (£7.42 million) represents exchange gains not included in the investment appreciation reserve balance and is held to fund exchange losses.

The Property Fund represents funds which have been utilised to finance the acquisition of freehold and leasehold properties. The Other Fixed Assets Fund represents funds which have been used to finance the acquisition of Other Tangible Fixed Assets.

The Reliance Bank Share Fund represents funds which have been used to finance the acquisition of additional Reliance Bank Share Capital.

GENERAL RESERVE

The General Reserve represents the working capital required to fund the day-to-day needs of the Trust. The aim of the Trustee is for the balance on the General Fund Reserve to cover equivalent to 6.0 months expenditure on headquarters administration costs. The current balance of £6.39 million meets the target level for free reserves, being equivalent to 5.9 months expenditure.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustee acknowledges its responsibilities relating to the management of risk. A formal risk management programme continues to operate allowing risks to be identified, classified and prioritised in terms of potential occurrence and impact. The Board of Directors of SAITCo has appointed a Risk Management Committee, consisting of ten members, which is chaired by an external legal/risk advisor and includes an Independent Non-Executive Director of SAITCo.

A Risk Manager has been appointed and a Risk Register is maintained and kept under regular review by the Risk Manager and the Risk Management Committee. The Risk Management Committee works with the Risk Owner of each major risk to ensure acceptable action is taken to manage the risk and to establish suitable systems to reduce the likelihood of harmful outcomes

occurring and the impact on the organisation should they occur. The Risk Management Committee also seeks to continually evaluate and improve practice and an external consultant was engaged by SAITCo in 2022/23 to review existing SAITCo risk management protocols with a series of enhancements expected to be implemented during 2023/24.

In addition to the above framework, a range of emergency protocols are in place allowing SAITCo to actively monitor the impact of the Ukraine/Russia crisis upon the operations of the Trust as well as those of Salvation Army territories with multiple working parties undertaking tasks in specific areas and regular updates provided to the

Board considering the impact of Ukraine/Russia crisis upon global Salvation Army operations, the financial position of the Trust, the reserves policy of the Trust, the investment portfolio of the Trust and associated logistical matters. Similar arrangements are considered by SAITCo for other external events as and when required.

The main risks and uncertainties faced by the Trust, as detailed in the Risk Register at the end of the financial year under review, are outlined below in top-down priority order together with a summary of the mitigating strategies being pursued to manage these risks:

KEY RISK	MANAGING STRATEGY
A serious safeguarding incident resulting in harm to a child or vulnerable adult and subsequent reputational damage to the local/international Salvation Army.	Ongoing development of safeguarding policies and procedures for IHQ and all Salvation Army territories. IHQ support offered to territories to address safeguarding incidents involving child protection and legal specialists.
National economic and/or political crises adversely impacting Salvation Army operations in a territory prompting additional emergency support from IHQ.	Continuous IHQ monitoring of economic and political contexts on a country-by-country basis. Development of crisis management protocols for IHQ interventions.
Negative/adverse publicity affecting public perception of The Salvation Army internationally.	Communications Office at IHQ to monitor global press coverage and manage media relationships in consultation with Salvation Army territories.
IHQ support for territories impacted by national government controls targeted at foreign non-governmental organisations (NGOs) and/or Christian organisations.	Continuous IHQ monitoring of national political contexts on a country-by-country basis. External consultants and/or legal counsel offer training, resources and advice to IHQ staff to address specific circumstances.
Risk exposure to SAITCo and SAIT due to sole ownership of Reliance Bank Limited including financial and reputational risk.	An additional Director with banking expertise was recruited to the SAITCo Board in May 2019 and remains in post with two shareholder representatives appointed to the Bank board and additional performance and risk reporting mechanisms in place from the Bank to SAITCo.
Lack of effective financial controls and monitoring in territories resulting in demands for additional IHQ financial support and/or reputational damage to the local/international Salvation Army.	Continuous IHQ monitoring of global operations on a territory-by-territory basis. A suite of policies and procedures in place detailing required financial controls. Internal audits undertaken periodically depending on the extent of perceived risk.

SUBSIDIARY COMPANY - RELIANCE BANK LIMITED

The banking company, Reliance Bank Limited (the 'Bank'), is a wholly owned subsidiary of the Trust. The Bank has returned to profit in the year, driven by loan book growth and rising interest rates. The Bank's model leverages its specialist knowledge and skills to focus on organisations which share its values and to provide them with lending and banking facilities.

The priority of the lending team is to support those delivering positive social impact -including through charities, community and faith organisations, and social housing providers. The Bank has also built a shared ownership mortgage portfolio which allows individuals to buy their homes in small, affordable tranches and rent the remaining proportion. In this way, the Bank enables home ownership for those who could not afford a sizeable deposit to buy the whole residence outright. It also offers mortgages to key workers, including charity workers.

The mortgage book grew by 30% to £60.9 million in the year and loans to organisations grew 17% to £57.6 million. Over £77 million is classified as social impact lending up from £54 million last year.

In the year to 31 March 2023 the growth of the loan book, together with successive interest rate rises, resulted in a near doubling of net interest income to £5.7 million. Administrative costs also grew as the Bank's workforce expanded and new investment was made in systems. The Bank also recognised a devaluation in the fair value of its freehold premises, which are externally valued triennially. The Bank's performance for the year ended 31 March 2023 was therefore a profit before tax of £0.2 million (2022: loss before tax of £0.7 million).

During the year, the Bank received £7 million in additional capital from the Trust as its shareholder. After taking into account the operating profit and additional investment, the Bank's capital and reserves have increased by £6.8 million (2022: increased by £2.2 million) to £21 million. A bank's financial strength can be measured by its CET1 ratio which increased to 23.1% at 31 March 2023 (2022: 18.2%). No Gift Aid donation has been made to the Trust (2022: £nil) in the year. The Bank anticipates returning to qualifying charitable payments in 2024

The Bank's total assets at 31 March 2023 remained broadly similar to last year at £252 million (2022: £251 million) split between loans to customers and balances held with other financial institutions, including the Bank of England. Customer deposits have also remained broadly similar to last year at £230 million (2022: £236 million). The Bank continues to maintain very strong liquidity levels.

The COVID-19 crisis had an unprecedented disruption impacting on people's livelihoods and businesses' ability to continue trading and some societal behaviours have yet to return to pre-COVID norms. The Bank provides payment holidays and facility extensions to its customers on a case-by-case basis; it was not part of the Coronavirus Business Interruption Loan or 'Bounce Back' government schemes due to its size. The current squeeze on incomes from the twin pressures of inflation and high interest rates will inevitably impact borrowers, although the Bank had not seen any deterioration in the mortgage or loan books at 31 March 2023.

The Bank has not suffered any loan losses during the year. The Bank has a low appetite for credit risk and has only incurred £7k of loan losses in the last five years, all of which related to unsecured personal lending, which is no longer a core activity. In anticipation of problems arising from the current economic environment, the Bank has increased its provisions by £0.2m in the year to £0.4m.

The challenges of inflationary pressures and increased interest rates are reflected in the Bank's forecasts and medium-term strategic plans. The Bank continues to be focused on delivery of loan growth alongside investment in its resources and systems, to support the Bank's Vision to be recognised and respected as an important ethical bank that exists to enable positive social impact.

SUBSIDIARY COMPANY - THE SALVATION ARMY LEADERS' TRAINING COLLEGE OF AFRICA AND RESOURCE CENTRE LIMITED

The Salvation Army Leaders' Training College of Africa and Resource Centre Limited ('SALT College') is a wholly owned subsidiary of the Trust. During

2020/21 a restructuring was progressed for SALT College, a training facility in Nairobi, Kenya for Salvation Army territories in Africa that had hitherto been operated and managed as an integral part of the Trust. This was registered in Kenya as a separate legal entity controlled by SAITCo, as ordinary trustee of the Trust and on behalf of the Trust, to which the Trust transferred assets and so, from 1 August 2020 and during the year under review (2022/23), is no longer reported within the charity only accounts of the Trust but within the Group accounts. The assets transferred from the Trust to the new entity in 2020 totalling £26,309 are not material to the Trust.

The SALT College entity held net assets on the Group Balance Sheet of £0.16 million at the 2023 year end down from £0.29 million in 2022.

During the reporting period, the College offered adult distance learning subjects in four major languages at foundation, certificate and diploma levels, to more than 11,000 students across the continent of Africa.

Work has continued during 2022/23, in collaboration with a Kenyan software developer, Sumba Group Limited (Kenya), to complete production of the SALT College website (accessed at www.saltcollegeandresourcecentre.com), a student registration database, supported by a verified Google Store application, and a learning resources portal.

GROUP ACCOUNTS

The Group Accounts comprise the results of The Salvation Army International Trust plus the subsidiary companies Reliance Bank Limited and The Salvation Army Leaders' Training College of Africa and Resource Centre Limited for the period 1 April 2022 to 31 March 2023.

The net movement in funds for the Group showed an increase of £0.98 million. Net goodwill at year end amounted to Negative £3.86 million as set out in Note 22 to the Accounts.

Total fixed assets including investments amounted to £318.65 million. Net current assets were £45.09 million. Total funds of the Group amounted to £359.41 million at year end as set out in Note 20 to the Accounts.

A going concern assessment has been undertaken for The Salvation Army International Trust, Reliance Bank Limited and Salvation Army Leaders' Training College of Africa and Resource Centre Limited. The Trustee is satisfied the Group has sufficient resources to continue operating for the foreseeable future. The Trustee has not identified any material uncertainties related to going concern and the Group accounts are therefore prepared on a going concern basis.

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Trustee is responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under The Charity Law the Trustee must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial

position of the charity and enable them to ensure that the financial statements comply with The Charities Act 2011 as amended by The Charities Act 2022. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In relation to audit of the financial statements, the Trustee as at the date of this report has taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the appointed auditors are aware of that information. The Trustee is not aware of any relevant audit information of which the appointed auditors are unaware.

The Trustee has approved this 2022/23 Annual Report and Accounts on this basis.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Trustee. The Trustee's responsibility also extends to the ongoing integrity of the financial statements contained therein.

For and on behalf of the directors of The Salvation Army International Trustee Company.



Commissioner Garth Niemand MBA BTh
Managing Director

19 January 2024

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE SALVATION ARMY INTERNATIONAL TRUST

OPINION ON THE FINANCIAL STATEMENTS

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 31 March 2023 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

We have audited the financial statements of the Salvation Army International Trust ("the Parent Charity") and its subsidiaries ("the Group") for the year ended 31 March 2023 which comprise the consolidated statement of financial activities, the statement of financial activities (charity only), the (consolidated and charity) balance sheet, the consolidated cash flow statement, and notes to the financial statements, including a summary of significant accounting policies. 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We remain independent of the Group and the Parent Charity in accordance with the ethical requirements 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.

CONCLUSIONS RELATED TO GOING CONCERN

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

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

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

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Report and Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 themselves. 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 in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion;

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is inconsistent in any material respect with the financial statements; or
- adequate accounting records have not been kept by the Parent Charity; or
- the Parent Charity 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 THE TRUSTEE

As explained more fully in the Statement of Trustee's Responsibilities, 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 Group's and the Parent 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 Group or the parent Charity or to cease operations, or have 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 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.

EXTENT TO WHICH THE AUDIT WAS CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

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

NON-COMPLIANCE WITH LAWS AND REGULATIONS

Based on:

- Our understanding of the Group and the sector in which it operates;

- Discussion with management and those charged with governance (including the Audit Committee); and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.

we considered the significant laws and regulations to be the applicable accounting framework, Charities Act 2011 and UK tax legislation.

The Charity is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, employment law and data protection.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax experts in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

FRAUD

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance (including the Audit Committee and internal audit function) regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:

- Detecting and responding to the risks of fraud; and
- Internal controls established to mitigate risks related to fraud.

- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls through accounting estimates and inappropriate journal entries.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation; and
- Assessing significant estimates made by management for bias, including valuation of investment properties, treatment of the pension scheme impairment of assets and investments.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including component engagement teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component engagement teams, we also reviewed the results of their work performed in this regard.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit

procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

USE OF OUR REPORT

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

DocuSigned by:
BDO LLP
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19 January 2024

BDO LLP, statutory auditor
London, UK

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 MARCH 2023

Notes	2023			2022			
	Unrestricted funds £000	Restricted funds £000	Total funds - Group £000	Unrestricted funds £000 *(Restated)	Restricted funds £000 *(Restated)	Total funds - Group £000 *(Restated)	
INCOME AND ENDOWMENTS FROM							
Donations and legacies:							
Received from Salvation Army territories							
- Self-Denial Fund	3	27,752	-	27,752	24,847	-	24,847
- IHQ Support	3	10,417	-	10,417	10,085	-	10,085
- Donations	3	-	21,962	21,962	34	3,703	3,737
Other donations and legacies	5(a)	2,643	212	2,855	168	274	442
		40,812	22,174	62,986	35,134	3,977	39,111
Charitable activities	6	401	93	494	377	55	432
Other trading activities	7	7,854	-	7,854	4,435	-	4,435
Investment Income	8	5,065	273	5,338	4,476	140	4,616
(Loss)/Gain on Disposal of Properties		(6)	-	(6)	453	-	453
Total Income		54,126	22,540	76,666	44,875	4,172	49,047
EXPENDITURE ON							
Raising funds	9	8,546	44	8,590	6,582	29	6,611
Charitable activities	10	51,442	3,043	54,485	41,341	5,820	47,161
Total Expenditure		59,988	3,087	63,075	47,923	5,849	53,772
Net (Losses)/Gains on investments	18	(5,114)	1,321	(3,793)	15,090	627	15,717
Net income/(expenditure)		(10,976)	20,774	9,798	12,042	(1,050)	10,992
Transfers between funds	20	(125)	125	-	(2)	2	-
Other recognised Gains/(Losses)	18	3,932	-	3,932	1,752	1	1,753
Net Movement in Funds	20	(7,169)	20,899	13,730	13,792	(1,047)	12,745
Reconciliation of funds:							
Total funds brought forward		318,060	27,622	345,682	304,268	28,669	332,937
Total funds carried forward		310,892	48,521	359,412	318,060	27,622	345,682

*Restated: Further details on the prior period restatements can be found in Note 36.

All activities reported above, in both the current and preceding year, include Gains and Losses and relate to continuing activities. The accompanying notes on pages 78 to 102 form an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL ACTIVITIES (CHARITY ONLY)

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023			2022		
		Unrestricted funds	Restricted funds	Total funds Charity	Unrestricted funds	Restricted funds	Total funds Charity
		£000	£000	Note	£000	£000	£000
				*(Restated)	*(Restated)	*(Restated)	
INCOME AND ENDOWMENTS FROM							
Donations and legacies:							
Received from Salvation Army territories							
- Self-Denial Fund	3	27,752	-	27,752	24,847	-	24,847
- IHQ Support	3	10,417	-	10,417	10,085	-	10,085
- Donations	3	-	21,962	21,962	34	3,703	3,737
Other donations and legacies	5(b)	2,622	212	2,834	9	222	231
		40,791	22,174	62,965	34,975	3,925	38,900
Charitable activities	6	376	93	469	354	55	409
Other trading activities	7	135	-	135	189	-	189
Investment Income	8	5,306	273	5,579	4,514	140	4,654
(Loss)/Gain on Disposal of Properties		(6)	-	(6)	453	-	453
Total Income		46,602	22,540	69,142	40,485	4,120	44,605
EXPENDITURE ON							
Raising funds	9	1,576	44	1,620	1,726	29	1,755
Charitable activities	10	51,413	2,977	54,390	41,495	5,820	47,315
Total Expenditure		52,989	3,021	56,010	43,221	5,849	49,070
Net (Losses)/Gains on investments	18	(5,114)	1,321	(3,793)	15,090	627	15,717
Net income/(expenditure)		(11,501)	20,840	9,339	12,354	(1,102)	11,252
Transfers between funds	20	(125)	125	-	(2)	2	-
Other recognised Gains/(Losses)	18	3,928	-	3,928	1,753	1	1,754
Net Movement in Funds		(7,698)	20,965	13,267	14,105	(1,099)	13,006
Reconciliation of funds:							
Total funds brought forward		321,141	27,556	348,697	307,036	28,655	335,691
Total funds carried forward		313,443	48,521	361,964	321,141	27,556	348,697

*Restated: Further details on the prior period restatements can be found in Note 36.

All activities reported above, in both the current and preceding year, include Gains and Losses and relate to continuing activities. The accompanying notes on pages 78 to 102 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 Group £000	2022 Group *(Restated) £000	2023 Charity £000	2022 Charity *(Restated) £000
Intangible Fixed Assets					
Goodwill	22(a)	260	304	260	304
Negative Goodwill	22(a)	(4,124)	(4,342)	-	-
Other Intangible Assets	22(b)	284	443	-	-
		(3,580)	(3,595)	260	304
Fixed Assets					
Properties	23	31,618	31,190	27,495	26,929
Other Tangible Fixed Assets	24	2,434	2,369	2,156	2,306
Investments	25(a)	288,177	293,767	295,208	283,454
		322,229	327,326	324,859	312,689
Total Fixed Assets		318,649	323,731	325,119	312,993
Current Assets					
Investments	25(a)	28,077	20,888	28,154	27,360
Stocks		162	131	162	131
Debtors and Prepayments due in more than one year	26(a)	103,849	87,385	242	308
Debtors and Prepayments due within one year	26(b)	30,439	21,100	15,157	11,264
Cash at bank and in hand	27	95,292	114,541	7,556	8,983
		257,819	244,045	51,271	48,046
Less Current Liabilities					
Salvation Army Employees' Pension Fund	17	-	(39)	-	-
Other Creditors due within one year	28	(212,731)	(217,947)	(10,101)	(8,234)
Net Current Assets		45,088	26,059	41,170	39,812
Total Assets less current liabilities		363,737	349,790	366,289	352,805
Creditors: Amounts falling due after more than one year	29	(4,108)	(4,108)	(4,108)	(4,108)
Provisions for liabilities	30	(217)	-	(217)	-
Net Assets	21	359,412	345,682	361,964	348,697
Funds					
Restricted Funds					
Property Fund		15,150	14,246	15,150	14,246
Other Restricted Funds		33,371	13,376	33,371	13,310
		48,521	27,622	48,521	27,556
Unrestricted Funds					
Board Designated Funds					
Property Fund		19,745	18,933	19,745	18,933
Other Fixed Assets Fund		2,156	2,306	2,156	2,306
Share Capital Fund		12,500	5,500	12,500	5,500
Other Board Designated Funds		272,676	289,079	272,656	288,906
General Reserve		3,814	2,242	6,386	5,496
		310,891	318,060	313,443	321,141
Total Funds	20	359,412	345,682	361,964	348,697

*Restated: Further details on the prior period restatements can be found in Note 36.

The accompanying notes on pages 78 to 102 form an integral part of these consolidated financial statements.

Approved by The Salvation Army International Trustee Company and signed on its behalf on 19th January 2024 by:



Edward Hill - Chairman



Garth Niemand - Managing Director

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	2023 £000 Group	2022 £000 Group *(Restated)
Net cash (used in) operating activities	(22,756)	(24,883)
Cash flows from investing activities:		
Dividends, interest and rents from investments	5,579	4,654
(Increase)/Decrease in Long Term Bank Deposits	(7)	14,499
Proceeds from the sale of property, plant and equipment	16	499
Purchases of property, plant and equipment	(1,045)	(889)
Purchase of Intangible Fixed Assets	(43)	(255)
Proceeds from the sale of investments (including Investments Held in the USA)	119,062	98,041
Purchase of Investments	(122,846)	(75,257)
Net cash provided by investing activities	<u>716</u>	<u>41,292</u>
Change in cash and cash equivalents in the reporting period	(22,040)	16,409
Cash and cash equivalents at the beginning of the reporting period	123,540	106,327
Effects of currency translation on cash and cash equivalents	847	804
Cash and cash equivalents at the end of the reporting period (see note B)	<u>102,347</u>	<u>123,540</u>

Note A

Reconciliation of net income to net cash flow (used in) operating activities

Net income for the reporting period (as per the statement of financial activities)	13,730	12,745
Adjustments for:		
Depreciation and amortisation	774	1,566
Movement in value of debt securities	(813)	-
Loss/(Gain) on investments	3,793	(15,717)
Dividends, interest and rents from investments	(5,579)	(4,654)
(Gain) on revaluation of Properties transferred to Investments	(3,799)	(1,762)
Loss on disposal of fixed assets	6	(453)
(Increase) in Stocks	(31)	-
(Increase) in Debtors	(25,841)	(25,388)
(Decrease)/Increase in Creditors	(5,213)	8,780
Increase in provisions	217	-
Net cash (used in) operating activities	<u>(22,756)</u>	<u>(24,883)</u>

Note B

Analysis of Cash and Cash Equivalents - Group

	Balance 2022 £000	Movement in year £000	Balance 2023 £000
Cash at bank	91,816	(7,858)	83,958
RBL Loans and Advances to Banks - Recoverable on demand	22,725	(11,392)	11,333
Cash held by Investment Managers	8,989	(1,933)	7,056
Notice deposits (less than 3 months)	10	(10)	-
Total cash and cash equivalents	<u>123,540</u>	<u>(21,193)</u>	<u>102,347</u>

(i) Analysis of changes in Net Debt

	01-Apr-22 £000	Cashflows £000	31-Mar-23 £000
Cash and cash equivalents			
Cash	100,805	(9,791)	91,014
Overdrafts	-	-	-
Cash Equivalents	22,735	(11,402)	11,333
	<u>123,540</u>	<u>(21,193)</u>	<u>102,347</u>

*Restated: Further details on the prior period restatements can be found in Note 36.

NOTES TO THE CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2023

1. ACCOUNTING POLICIES

The Trust is a registered Charity in England and Wales and a public benefit entity (see pages 8-9 of the Annual report for further details) as defined in FRS 102. The principal accounting policies adopted by the Trustee in the preparation of the financial statements have been applied consistently and are set out below:

- (a) **Basis of Accounting** - The financial statements have been prepared under the historical cost convention, subject to the inclusion of investments at fair value, and are in compliance with the Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102) (effective 1 January 2019), the Charities Act 2011, The Salvation Army Act 1980 and FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.
- The banking company, Reliance Bank Limited, became a wholly owned subsidiary of The Salvation Army International Trust during the year of 2018, following the purchase of The Salvation Army Trust's (UK Territory) 49% interest. The consolidation of the bank into the Group accounts is on a line by line basis.
- The Salvation Army Leaders Training College of Africa & Resource Centre Limited (SALT), which was previously part of the Salvation Army International Trust, became a separate company wholly owned by the Trust from 01 August 2020 by way of a transfer of assets equivalent to £26k to the new SALT entity and is consolidated on a line by line basis.

Critical accounting judgements and key estimations

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. Apart from those involving estimates, no judgements are deemed to have had a significant effect on amounts recognised in the financial statements. Judgements would include assessing for indicators of impairment of assets or whether the Trust is party to lease arrangements and their nature. Other than investment properties, it is the Trustees' opinion that there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

One of the key sources of estimation uncertainty relates to the cost of the Group's proportion of The Salvation Army Employees' Pension Fund (a multi-employer defined benefit pension scheme accounted for as a defined contribution scheme per FRS102 where contribution payments are charged to the SOFA - see Note 17) which is determined using actuarial valuations for the purpose of the provision for contributions payable in respect of past service deficits. This involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

Other key judgements and estimates relevant to the charity, include property valuations, depreciation and amortisation. The Investment Property portfolio is independently valued by a Chartered Surveyor. This valuation is based on, at a minimum, a rolling three-year revaluation plan carried out using the comparable method in accordance with the RICS Valuation Global Standards effective at the time and the fair values of properties not due for an external valuation are updated using the UK House Price Index provided by the Land Registry (See Note 25). Estimations made in calculating the depreciation of non-investment properties are detailed in paragraph (q) below.

Negative Goodwill arising from the acquisition of Reliance Bank Ltd is amortised on the basis of the excess up to the fair value of non-monetary assets which is recognised in profit or loss in the periods when the non-monetary assets are recovered, and any excess beyond the fair value of non-monetary assets acquired recognised in profit or loss in the periods expected to be benefited. The periods within which the benefits are expected is 10 years based on an anticipated return to profitability of Reliance Bank Ltd. The consideration for the acquisition is payable over a long period and is linked to qualifying charitable donation payable by Reliance Bank Ltd. The potential impact of discounting the consideration was estimated at acquisition date based on the projections of future profitability of the bank and no adjustment was made as the calculated amount was not material.

In relation to Reliance Bank Ltd, in terms of impairment, reviews are undertaken for all financial assets, both on an individual and a collective basis. They are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cashflows of the investment have been affected. Loans and advances are considered on a case by case basis and are provided against in the financial year in which it is anticipated that they may not be recoverable in full (which, in practice, means when they become non-performing) unless the Bank considers that it has adequate security to cover all balances outstanding plus a margin.

(b) Income

- (i) All income is recognised in the Statement of Financial Activities on an Accruals basis or on receipt of cash if there is no basis to accrue. Income is only recognised where there is entitlement of the rights or other access to the economic benefits, it is probable that the economic benefits of the transaction or gift will flow to the organisation and the monetary value of the income can be reliably measured. Income relating to a specific future period, where applicable, is deferred. Refunds are shown as negative income.
- (ii) Contributions to the International Self-Denial Fund are received annually from the headquarters of Salvation Army territories around the world (see Note 3). Contributions are recognised in the period they relate to when territories submit results of their respective Self-Denial appeals to the International Trust and these are formally accepted by the Trust or upon receipt of the cash, whichever is earlier. In rare cases where these particular triggers have not occurred, income will be accrued provided all applicable income recognition criteria have been met. A territory is an administrative unit and may comprise several countries, a single country or part of a country. The Self-Denial appeals are separate annual appeals within each Territory, whereby church members of The Salvation Army offer a monetary gift to support the work of The Salvation Army worldwide. In addition to this, some Territories make contributions to the Self-Denial fund from other funds available to them. These contributions are used to fund grants and other support payments to financially supported territories, as set out in Note 11.
- (iii) Contributions to International Headquarters support are receivable quarterly from financially independent territories, and either quarterly or annually from financially supported territories. Contributions are recognised when they are due.
- (iv) Legacies are accounted for on receipt, or on earlier notification where the value can be reliably measured and receipt is probable, on a discounted basis where applicable and material. Donations are recognised in the period in which they are received, unless there is a basis to accrue.
- (v) Investment income is recognised on an Accruals basis and includes returns on funds held in the US.
- (vi) Reliance Bank Limited income items, including interest receivable, rental income and fees and commissions receivable, are recognised on an accruals basis with interest recognised on an effective interest rate basis. When calculating the effective interest rate all related fees are taken into account.

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

1. ACCOUNTING POLICIES - continued

(c) Expenditure

Expenditure is charged in the Statement of Financial Activities on the accruals basis.

- (i) Irrecoverable Value Added Tax is charged to the related expenditure categories.
- (ii) Expenditure on Charitable Activities consists of all expenditure relating directly to the objects of the Trust including support costs. Support costs have been allocated over activities on a per capita basis. Governance costs include those associated with constitutional and statutory requirements and those incurred in the governance of the Trust's assets.
- (iii) Maintenance grants are paid quarterly to overseas Salvation Army territories to support their operating costs. They are payable at the beginning of each quarter and are accounted for in the year the obligations arise (see Note (b) (i) above).
- (iv) Property schemes not completed at the year end are carried forward in the Balance Sheet as a Fixed Asset under the heading of Property Schemes in progress.
- (v) Pension costs are accounted for in accordance with FRS 102 and are charged to the Statement of Financial Activities when payable. SAIT and Reliance Bank both participate alongside other entities in a multi-employer defined benefit plan scheme. The actuary has confirmed that it is not possible to split the share of the scheme's assets and liabilities between employers. Pension costs are accounted for as if they were made to a defined contribution plan. Details are provided in Note 17.
- (vi) Grants payable to Salvation Army Territories are recognised as expenditure when they are committed and communicated to the territories, in accordance with the annual budget.
- (vii) There are no assets held under Finance lease. Rentals payable and licensing arrangements under operating leases are charged to Expenditure on a straight line basis of over the lease term.
- (viii) Reliance Bank Limited costs are shown under Expenditure on Raising Funds.
- (ix) Termination payments are payable when employment is terminated before the normal retirement date or end of employment contract. The costs recognised at the earlier of when the offer of the benefits can no longer withdraw or when the group recognises any related restructuring costs.

(d) Foreign Currencies

Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities are translated into sterling at the exchange rate applicable at the balance sheet date. All profits and losses on exchange are included in the Statement of Financial Activities.

(e) Going Concern

The Trustee has reviewed the Trust's financial position, taking account of satisfactory levels of reserves and cash, the annual plan, and its system of financial and risk management considering potentially adverse future scenarios. The Trustee recognises the potentially material pension liability arising from participation of the Trust in The Salvation Army Employees' Pension Fund (see Note 17) remains well placed to meet its obligations in this regard.

The Trustee has a reasonable expectation that the Trust has adequate resources to continue in operational existence in the foreseeable future following projections of the cash position under adverse income performance scenarios over 12 months following the signing of the accounts. The Trust holds a strong balance sheet with £35.71 million (2022: £36.04 million) held in cash or short-term bank deposits and current liabilities amounting to £10.1 million (2022: £8.23 million).

The Trustee is confident the Trust is well placed to meet the Ukraine/Russia crisis and other external events, including general inflationary pressures, and continues to achieve its grant-making and other objectives due to its strong financial position, investment strategy and reserves policy all underpinned by the governance structures of SAITCo.

A going concern assessment has been undertaken for The Salvation Army International Trust, Reliance Bank Limited and Salvation Army Leaders' Training College of Africa & Resource Centre Limited. The Trustee is satisfied the Group has sufficient resources to continue operating for the foreseeable future. The Trustee has not identified any material uncertainties related to going concern and the Group accounts are therefore prepared on a going concern basis.

(f) Intangible Fixed Assets

Negative Goodwill arising from the acquisition of Reliance Bank Ltd is amortised on the following basis of: the excess up to the fair value of non-monetary assets which is recognised in profit or loss in the periods when the non-monetary assets are recovered (50 years from acquisition), any excess beyond the fair value of non-monetary assets acquired recognised in profit or loss in the periods expected to be benefited (10 years from acquisition). Computer Software, where capitalised, is amortised over a period of 4 years.

(g) Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. Depreciation is provided to write off the cost of tangible fixed assets over their estimated useful economic lives, as follows:

- Freehold and Long Leasehold Properties are depreciated over 50 years.
- Internal Fit-Out Costs of the Headquarters building are depreciated over 15 years.
- Fixtures, Fittings and Office Equipment are depreciated over 5 - 10 years.
- Vehicles are depreciated over 6 years.
- IT Equipment is depreciated over 3 - 4 years.

The Bank opted during year ended March 2021 to follow the revaluation approach to its freehold property, under FRS102 section 17. The associated entries relating to this change in policy, including Deferred Tax, were eliminated on Consolidation into the Group Accounts and the property carrying value restated under the historical cost model and in accordance with the Group accounting policy.

The freehold property at Sunbury Court has been depreciated so as to write down the cost of the project by components, on a straight line basis over their estimated useful economic lives at the following annual rates:

- Building and Infrastructure - 50 years.
- Roof (flat), Windows and Doors - 25 years.
- Major Installations (including heating, electrical, drainage) - 25 years.
- Bathroom and Kitchen Installations, Lifts - 15 years.
- Furniture, Fixtures and Fittings - 15 years.

(h) Basic Financial Instruments

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at historical cost unless another basis is required under applicable accounting standards, which is usually the transaction price, and are subsequently measured at their settlement value aside from Reliance Bank Debt instruments below.

Financial investments are recognised at fair value through Profit and Loss - See Note 1(i) below. Trade and other debtors are recognised at the settlement amount due. Creditors and provisions are recognised where the Trust has an obligation resulting from a past event that is likely to result in the transfer of funds to a third party and the amount due can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

The Bank's financial instruments are all basic financial instruments and comprise loans and advances, treasury bills, debt securities and customer accounts. The Bank does not hold derivative financial instruments.

Financial assets and liabilities are recognised initially per the policy as stated above but Debt instruments are thereafter measured at amortised cost less impairment using the effective interest method. No financial instruments are designated as at fair value through profit or loss.

Debt instruments that are payable or recoverable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

1. ACCOUNTING POLICIES - continued

- (i) **Investments** - To comply with the Statement of Recommended Practice, Financial investments are included at fair value.

Listed investments are valued at the year end bid price.

The freehold reversionary interest (see Note 25(g)) is externally valued at least every three years, subject to any significant change in value in the intervening years.

Investment properties are held at fair value at the balance sheet date as detailed in Accounting Estimates note above and no depreciation is provided.

The aggregate surplus or deficit arising on revaluation at each period end is transferred to the Investment Property Revaluation Fund (see Note 20).

Investments in subsidiary undertakings are held at cost less impairment.

- (j) **Stocks** are valued at the lower of cost or net realisable value.

- (k) **Funds** :

(i) The Restricted Funds are held for restricted purposes, as specified by the donors.

(ii) The Unrestricted Funds include Designated Funds held for particular purposes designated by the Trustee in the exercise of its discretionary powers, and a General Reserve representing funds not designated for specific purposes. (See Note 20 for further details).

- (l) **Provisions for liabilities**

A provision is recognised when the Bank has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. The effect of the time value of money is not material and therefore the provisions are not discounted.

- (m) **Prepayments**

Prepayments are valued at the amount prepaid net of any trade discount offered.

- (n) **Subsidiary Companies**

Wholly owned subsidiary companies are consolidated with the Financial Statements of the Trust on a line-by-line basis.

The banking company, Reliance Bank Limited (the 'Bank'), is a wholly owned subsidiary of the Trust. In 2018, the Trust purchased The Salvation Army Trust's (UK Territory) 49% interest in the Bank and invested an additional £1.5 million in the Bank's share capital. Under its new ownership model and through the delivery of its 5-year strategic plan, the Bank aims to become an important, positive social impact bank with an expanded remit in this market segment. The Trust has invested a total of £12.5million in the Bank's share capital since acquisition, £7 million of which during 2023, to support its business transformation plans.

Whilst the Trust is the Bank's controller, a Nominations Committee comprising Non-Executive Directors of the Bank recommends appointments of Bank Directors to the board. This includes consideration of proposed Shareholder representative Directors, as and when appropriate.

Ordinarily, the Bank will donate a proportion of its net taxable profits to support the mission of 'The Trust'. This had not been the case the preceding few years as the Bank was investing in its organisational structure and systems. The Bank has returned to profit in the current year with opportunity to now target a self-sustaining business model where future capital requirements are minimised.

Full details of the subsidiary company's Profit and Loss Account and Balance Sheet are set out in Note 4.

The Salvation Army Leaders Training College of Africa & Resource Centre Limited (SALT) is a wholly owned subsidiary of the Trust.

During 2020/21 a restructuring was progressed for SALT College, a training facility in Nairobi, Kenya for Salvation Army territories in Africa that had hitherto been operated and managed as an integral part of the Trust.

This was registered in Kenya as a separate legal entity controlled by SAITCo to which the Trust transferred assets and so, from August 2020 is no longer reported within the charity only accounts of the Trust but within the Group accounts.

The assets transferred from the Trust to the new entity are not material to the Trust.

- (o) **Subsidiary Company - Set-off**

The Bank does have a legal right of set-off established in respect of some customer accounts (as confirmed by legal opinion). However, set-off positions would only be disclosed in the accounts where there is an intention to ordinarily settle on a net basis or to realise the asset and settle the liability simultaneously.

- (p) **Subsidiary Company - Contingent Liabilities**

Contingent liabilities are recognised as memorandum items on the face of the Balance Sheet and further analysed in Note 33 to the accounts at their contract amounts unless the possibility of any transfer on settlement is remote.

- (q) **Subsidiary Company - Risk Management Policies and Objectives**

The Board of Directors of Reliance Bank Ltd is responsible for determining the long-term strategy of the business and the level of risk acceptable in each area of the Bank's business.

The Bank's Audit, Risk and Compliance Committee recommends policies designed to mitigate risks to the Board of Directors of the Bank and reviews risk assessments within the Bank's risk register.

The main financial risks arising from the Bank's activities are as follows:

- Credit Risk.
- Liquidity and Funding Risk.
- Interest Rate Sensitivity.
- Foreign Exchange Risk.

- (r) **Cash and cash equivalents**

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash at banks and in hand and short term deposits with an original maturity (from date of acquisition) of less than three months, and cash held with investment managers as it is available to meet short term cash needs of the organisation.

- (s) **Gains and Losses**

All recognised gains and losses are included in the Statement of Financial Activities, and all the reported activities, in both the current and preceding years, reflect ongoing activities.

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

2. BUSINESS COMBINATION - ACQUISITION

On 31 October 2018 (the acquisition date), The Salvation Army International Trust acquired the outstanding equity of Reliance Bank Ltd in a cash transaction per the workings below. Reliance Bank Ltd is a UK incorporated company limited by shares and authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). Following acquisition Reliance Bank Ltd is a wholly owned subsidiary of The Salvation Army International Trust. Reliance Bank's mission is to be a distinctive, solid and safe Bank with Christian and ethical values that delivers as part of the broader objectives of The Salvation Army by enabling positive social impact.

Equity transaction: Preceding the acquisition the outstanding Reliance Bank Limited had allotted, called up and fully paid £7.5 million of £1 ordinary shares. The Salvation Army International Trust already held 51% of Reliance Bank and purchased the remaining 49% shareholding held by The Salvation Army Trust on 31st October 2018. The estimated fair value of the Net Assets acquired benefitted from a fair value uplift associated with Property, Plant and Equipment as below:

	£
Freehold Property (per valuation)	4,400,000
Other Net Assets per Accounts	8,799,631
Total	<u><u>13,199,631</u></u>

Calculation of Goodwill

The total cost of acquisition is therefore £7,933,397 (original cost £3,825,000 and subsequent acquisition £4,108,397) acquiring Net Assets at fair value of £13,199,631, giving rise to negative goodwill of £5,266,234. The negative goodwill is unwound through the Statement of Financial Activities (SOFA) as set out in Note 1(f).

The cost of acquisition represents contingent consideration of £4,108,397 was estimated at the time of the acquisition to be payable over 15 years and over 9 years as at March 2023 (see Note 29).

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

3. CONTRIBUTIONS RECEIVED FROM SALVATION ARMY TERRITORIES

Territory	Self-Denial Fund		International Headquarters Support		Donations Received	
	Unrestricted		Unrestricted		Restricted	
	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000
Angola	13	7	1	1	-	-
Australia	484	434	755	733	105	229
Bangladesh	1	1	1	1	-	-
Brazil	-	-	2	2	-	-
Canada and Bermuda	1,665	1,434	592	575	624	741
Caribbean	105	-	5	5	-	-
Congo (Brazzaville)	79	82	5	5	-	-
Democratic Republic of Congo	95	64	6	6	-	-
Denmark	25	26	17	17	13	8
Eastern Europe	12	11	1	1	-	1
Finland and Estonia	58	52	30	29	27	51
France and Belgium	17	15	53	52	43	-
Germany, Lithuania and Poland	31	30	37	36	61	38
Ghana	17	31	3	3	-	-
Hong Kong and Macau	52	53	28	27	1	-
India Central	41	62	8	8	-	-
India Eastern	101	125	4	4	-	-
India Northern	17	24	7	6	-	-
India South Eastern	64	83	7	7	-	-
India South Western	22	34	7	7	-	-
India Western	28	30	7	7	-	-
Indonesia	46	42	12	12	-	-
Italy and Greece	5	4	1	1	6	2
Japan	33	40	72	70	12	-
Kenya East	272	221	8	8	-	-
Kenya West	291	203	8	8	-	-
Korea	166	158	13	12	9	34
Latin America North	72	-	2	2	-	-
Liberia	12	14	1	1	-	-
Malawi	9	9	1	1	-	-
Mali	3	3	1	1	-	-
Mexico	30	-	3	3	-	-
Middle East	18	11	1	1	-	-
Mozambique	3	2	1	1	-	-
The Netherlands, Czech Republic and Slovakia	200	189	117	113	179	173
New Zealand, Fiji and Tonga	441	402	275	267	119	113
Nigeria	39	27	5	5	-	-
Norway, Iceland and The Færøes	400	400	103	100	229	(3)
Pakistan	3	3	6	6	-	-
Papua New Guinea	39	35	4	3	-	-
The Philippines	21	16	4	4	10	-
Russia	3	3	1	1	-	-
Rwanda and Burundi	4	3	1	1	-	-
Singapore, Malaysia and Myanmar	99	93	19	18	2	-
South America East	-	-	3	2	-	-
South America West	-	-	4	4	-	-
Southern Africa	49	39	4	4	-	4
Spain and Portugal	18	16	1	1	-	7
Sri Lanka	1	1	2	2	-	-
Sweden and Latvia	105	106	84	82	86	33
Switzerland, Austria and Hungary	660	712	163	158	25	162
Taiwan	7	6	1	1	1	-
Tanzania	12	8	2	2	-	-
Uganda	8	7	1	1	-	-
United Kingdom with the Republic of Ireland	2,402	2,220	899	873	91	1,063
USA Central	4,499	4,092	1,869	1,827	4,605	9
USA Eastern	4,980	4,424	1,571	1,521	9,031	367
USA Southern	5,354	4,792	2,000	1,919	3,285	143
USA Western	4,266	3,755	1,505	1,452	2,347	400
USA National HQ	-	-	63	55	1,051	162
Zambia	61	50	3	3	-	-
Zimbabwe	194	143	7	7	-	-
	27,752	24,847	10,417	10,085	21,962	3,737

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

4. RELIANCE BANK LIMITED (registered in England & Wales - Company Number 00068835)

Unrestricted income to the Salvation Army International Trust from Reliance Bank Limited for the year was £nil (2022: £nil)

The banking company, Reliance Bank Limited (the 'Bank'), became a wholly owned subsidiary of The Salvation Army International Trust (the 'Trust') in October 2018, following the purchase of The Salvation Army Trust's (UK Territory) 49% interest.

The Trust invested an additional £7 million in the Bank's share capital during the year to support its business transformation plans. Under this ownership model and with a 5-year strategic plan, the Bank aims to become an important social impact bank with an expanded remit in this market segment.

Reliance Bank Limited provides banking facilities to The Salvation Army and the general public. The Bank offers transactional banking services to more than 30 Salvation Army territories, providing a vital 'safe haven' for project funds and IHQ operational grants and a secure platform for international fund transfers for the global Army.

Ordinarily, the Bank will donate a proportion of its net taxable profits to support the mission of The Trust. This has not been the case during the year under review, as the Bank has been investing in its organisational structure and systems as it continues to pursue its strategy under the sole ownership of the Trust. A pre-tax profit of £234k (2022: £750k Loss) has been made in the year.

RELIANCE BANK LIMITED

	2023	2022
	£000	£000
Summary Profit and Loss Account		
Interest Receivable and other operating income	7,632	4,195
Interest Payable and other operating expenditure	(1,517)	(693)
Administration Expenditure	(5,881)	(4,252)
Operating Profit/(Loss)	234	(750)
Taxation	(107)	141
Retained Profit/(Deficit) for year	127	(609)
Retained Reserves brought forward	311	934
Deferred tax change	-	(45)
Transfer from Revaluation reserve		31
Retained Reserves carried forward	438	311
Share Capital owned	20,000	13,000
(Loss) on Revaluation of Property included in the Revaluation Reserve	(320)	-
Summary Balance Sheet		
Fixed Assets	4,509	5,170
Current Assets		
Less than one year	144,073	159,000
Loans over one year	103,607	87,077
	252,189	251,247
Liabilities		
Current	(230,939)	(236,804)
Net Assets	21,250	14,443
Share Capital	20,000	13,000
Revaluation Reserve	812	1,132
Reserves	438	311
Shareholders' Funds	21,250	14,443

The effects of differences between subsidiary and Group policies in relation to the Bank's building property valuation, including the revaluation reserve balance, were eliminated on consolidation and the impacted amounts are presented in the Group Financial Statements in accordance with Group Accounting policies (see Note 1(g)).

5. OTHER DONATIONS AND LEGACIES

	Unrestricted £000	Restricted £000	2023 £000	Unrestricted £000	Restricted £000	2022 £000
a) Group						
Other Donations	2,501	144	2,645	163	128	291
Legacies	142	68	210	5	146	151
	2,643	212	2,855	168	274	442
b) Charity						
Other Donations	2,480	144	2,624	4	76	80
Legacies	142	68	210	5	146	151
	2,622	212	2,834	9	222	231

Total external donations and legacies increased from £0.44 million (2022) to £2.86 million (2023).

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

	2023 Group	2022 Group <i>*(as Restated)</i>	2023 Charity	2022 Charity
	£000	£000	£000	£000
6. INCOME FROM CHARITABLE ACTIVITIES				
Rents from charitable activities	116	131	116	131
Software Charges	22	14	22	14
Income from publications	113	150	113	150
Income from Café 101	125	73	125	73
International Personnel Training and Development	118	64	93	41
	<u>494</u>	<u>432</u>	<u>469</u>	<u>409</u>
Restricted income for the year was £93k (2022: £55k)				
7. OTHER TRADING ACTIVITIES				
Conference Centre income	36	42	36	42
Rents from letting of property	99	147	99	147
Fees and Commissions receivable	766	729	-	-
Release of Negative Goodwill	175	175	-	-
	<u>1,076</u>	<u>1,093</u>	<u>135</u>	<u>189</u>
Interest on Loans and Advances to Bank and Customers	6,778	3,342	-	-
	<u>7,854</u>	<u>4,435</u>	<u>135</u>	<u>189</u>
<i>*Restated: Further details on the prior period restatements can be found in Note 36.</i>				
Unrestricted income for the year was £7,854k (2022: £4,435k)				
8. INVESTMENT INCOME				
Income from fixed interest securities	488	416	488	416
Dividends from equities	1,667	1,511	1,667	1,511
Interest on bank deposits	174	7	415	45
Income from funds held in USA	1,065	988	1,065	988
Rental on Freehold Reversionary Interest	212	225	212	225
Rents from letting of investment properties	1,732	1,469	1,732	1,469
	<u>5,338</u>	<u>4,616</u>	<u>5,579</u>	<u>4,654</u>
<i>*Restated: Further details on the prior period restatements can be found in Note 36.</i>				

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

	2023 Group	2022 Group	2023 Charity	2022 Charity
9. RAISING FUNDS	£000	£000	£000	£000
Cost of letting of property	660	701	660	701
Investment management costs	917	1,011	917	1,011
Goodwill Amortisation	-	-	43	43
Costs of subsidiary banking operations	7,013	4,899	-	-
	8,590	6,611	1,620	1,755

Restricted expenditure for the year was £44k (2022: £29k).

10. CHARITABLE ACTIVITIES

Activity	Grant and Donation funding of activities	Activities undertaken directly	Support costs (Note 12)	2023	2022	2023	2022
				Group Total	Group Total	Charity Total	Charity Total
	£000	£000	£000	£000	£000	£000	£000
				*(as Restated)	*(as Restated)	*(as Restated)	*(as Restated)
World Mission	-	2,888	1,830	4,718	4,225	4,735	4,225
Assistance to Salvation Army territories (Note 11)	24,912	4,556	2,613	32,081	30,483	32,105	30,483
International Personnel Training and Development	-	10,237	4,261	14,498	9,272	14,354	9,426
Crisis Relief	-	1,157	278	1,435	1,742	1,438	1,742
Health Services for the Poorest People	-	92	69	161	203	162	203
Fighting Against Sexual Trafficking and for Social Justice	-	1,174	418	1,592	1,236	1,596	1,236
	24,912	20,104	9,469	54,485	47,161	54,390	47,315

*Restated: Further details on the prior period restatements can be found in Note 36.

Grant and donation funding includes operational grants paid quarterly to Salvation Army territories around the World and the onward transmission of project funding. Costs of activities undertaken directly include the direct costs associated with emergency services and other projects which are managed by International Headquarters. Support costs have been allocated over activities on a per capita basis (see Note 12). SALT College costs are included under the International Personnel Training and Development heading. Restricted expenditure for the year was £3.04m (2022: £5.82m).

Activity	Grant and Donation funding of activities	Activities undertaken directly	Support costs (Note 12)	2022	2021	2022	2021
				Group Total	Group Total	Charity Total	Charity Total
	£000	£000	£000	£000	£000	£000	£000
				*(as Restated)	*(as Restated)	*(as Restated)	*(as Restated)
World Mission	-	2,485	1,740	4,225	3,868	4,225	3,882
Assistance to Salvation Army territories (Note 11)	24,205	3,792	2,486	30,483	35,173	30,483	35,195
International Personnel Training and Development	-	5,218	4,054	9,272	7,820	9,426	7,908
Crisis Relief	-	1,476	266	1,742	2,831	1,742	2,846
Health Services for the Poorest People	-	137	66	203	220	203	221
Fighting Against Sexual Trafficking and for Social Justice	-	838	398	1,236	1,103	1,236	1,107
	24,205	13,946	9,010	47,161	51,015	47,315	51,159

*Restated: Further details on the prior period restatements can be found in Note 36.

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

11. GRANTS AND DONATIONS ALLOCATED TO SALVATION ARMY TERRITORIES IN SUPPORT OF OVERSEAS WORK

Territory	2023					Total £000	Total £000
	International Service Costs*	Grant funding of activities	Additional grant for specific costs	Activities funded by donations	Total		
	£000	£000	£000	£000	£000		
Africa, General	-	-	35	-	35	101	
Angola	-	48	1	49	98	291	
Australia	-	-	-	-	-	23	
Bangladesh	-	216	4	230	450	258	
Brazil	-	624	4	58	686	1,161	
Canada and Bermuda	6	-	-	1	7	-	
Caribbean	-	767	8	45	820	824	
Congo (Brazzaville) and Gabon	34	551	76	269	930	1,062	
Czech Republic and Slovakia (Netherlands)	-	508	1	3	512	460	
Democratic Republic of Congo	7	560	114	1,100	1,781	1,012	
Denmark	-	141	-	1	142	126	
Eastern Europe	38	1,164	3	42	1,247	1,087	
Estonia (Finland)	6	240	(3)	1	244	229	
Fiji and Tonga	-	-	-	1	1	1	
France and Belgium	-	-	-	1	1	1	
Germany, Lithuania and Poland	-	224	-	1	225	198	
Ghana and Togo	-	151	49	129	329	267	
Hong Kong and Macau	-	-	-	1	1	2	
India National Secretariat	-	293	3	288	584	864	
India Central	-	238	2	119	359	329	
India Eastern	2	-	3	9	14	19	
India Northern	-	112	55	20	187	101	
India South Eastern	-	336	2	74	412	506	
India South Western	-	325	4	55	384	339	
India Western	-	247	4	103	354	383	
Indonesia	-	-	25	199	224	166	
Italy and Greece	-	326	1	210	537	453	
Kenya East	23	284	105	227	639	384	
Kenya West	-	644	47	186	877	948	
Korea	-	-	-	1	1	-	
Latin America North	-	675	2	267	944	683	
Latvia (Sweden)	-	149	-	8	157	133	
Liberia, Sierra Leone and Guinea	4	222	21	44	291	687	
Malawi	21	170	(2)	184	373	271	
Mali and Burkina Faso	20	127	3	9	159	280	
Mexico	10	400	5	192	607	394	
Middle East	-	290	1	4	295	259	
Mozambique	38	282	7	18	345	339	
Nigeria	23	143	4	167	337	349	
Norway	-	-	-	1	1	1	
Pakistan	1	1,123	35	106	1,265	1,386	
Papua New Guinea	67	736	71	514	1,388	1,287	
The Philippines	-	438	3	33	474	646	
Russia	-	767	1	2	770	727	
Rwanda and Burundi	25	191	7	35	258	318	
Singapore, Malaysia and Myanmar	-	215	4	26	245	222	
South America East	13	565	4	30	612	845	
South America West	-	407	11	271	689	453	
Southern Africa	17	92	8	109	226	230	
Spain and Portugal	25	706	1	19	751	634	
Sri Lanka	-	198	2	258	458	229	
Switzerland, Austria and Hungary	-	-	-	8	8	7	
Taiwan	-	98	1	1	100	163	
Tanzania	1	168	32	217	418	496	
Uganda	55	167	18	197	437	436	
United Kingdom with the Republic of Ireland	-	-	1	1	2	1	
USA Southern	-	-	-	1	1	-	
USA Western	-	-	-	1	1	4	
Zambia	48	373	36	167	624	511	
Zimbabwe and Madagascar	24	447	10	114	595	619	
Total	508	17,148	829	6,427	24,912	24,205	

*International Service Costs, previously shown as 'Allowable Deductions from Self Denial Funds', are those incurred in facilitating Salvation Army officers' service outside of their home territories.

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

11. GRANTS AND DONATIONS ALLOCATED TO SALVATION ARMY TERRITORIES IN SUPPORT OF OVERSEAS WORK (Continued)

Territory	2022				Total	2021
	International Service Costs*	Grant funding of activities	Additional grant for specific costs	Activities funded by donations		
	£000	£000	£000	£000	£000	£000
Africa, General	-	-	100	1	101	77
Americas, General	-	-	-	-	-	4
Angola	-	43	1	247	291	95
Australia	-	6	-	17	23	107
Bangladesh	-	191	3	64	258	460
Brazil	-	552	3	606	1,161	1,799
Canada and Bermuda	-	-	-	-	-	2
Caribbean	-	679	5	140	824	1,181
Congo (Brazzaville) and Gabon	15	488	42	517	1,062	1,313
Czech Republic and Slovakia (Netherlands)	-	449	1	10	460	491
Democratic Republic of Congo	28	496	39	449	1,012	807
Denmark	-	125	-	1	126	141
Eastern Europe	18	1030	3	36	1,087	1,184
Estonia (Finland)	5	213	4	7	229	233
Fiji and Tonga	-	-	-	1	1	2
France and Belgium	-	-	-	1	1	1
Germany, Lithuania and Poland	-	198	-	-	198	315
Ghana and Togo	-	133	14	120	267	470
Hong Kong and Macau	-	-	1	1	2	-
India National Secretariat	-	259	2	603	864	129
India Central	-	211	1	117	329	556
India Eastern	2	-	2	15	19	(688)
India Northern	-	99	1	1	101	686
India South Eastern	-	297	2	207	506	496
India South Western	-	288	3	48	339	510
India Western	-	219	15	149	383	517
Indonesia	19	-	16	131	166	152
Italy and Greece	-	288	1	164	453	695
Kenya East	34	251	8	91	384	1,164
Kenya West	28	570	-20	370	948	1,198
Korea	-	-	-	-	-	1
Latin America North	-	597	2	84	683	1,017
Latvia (Sweden)	-	132	-	1	133	200
Liberia, Sierra Leone and Guinea	9	190	1	487	687	533
Malawi	26	121	17	107	271	463
Mali and Burkina Faso	8	112	3	157	280	174
Mexico	-	354	4	36	394	543
Middle East	-	257	1	1	259	355
Mozambique	15	249	7	68	339	384
Nigeria	13	127	26	183	349	461
Norway	-	-	-	1	1	1
Pakistan	-	909	305	172	1,386	1,363
Papua New Guinea	16	795	68	408	1,287	1,123
The Philippines	11	388	3	244	646	634
Russia	2	677	1	47	727	740
Rwanda and Burundi	22	169	20	107	318	389
Singapore, Malaysia and Myanmar	-	190	2	30	222	437
South America East	-	500	3	342	845	1,275
South America West	-	362	5	86	453	773
Southern Africa	4	81	7	138	230	259
Spain and Portugal	3	625	1	5	634	714
Sri Lanka	-	176	2	51	229	294
Switzerland, Austria and Hungary	-	-	-	7	7	-
Taiwan	-	87	1	75	163	173
Tanzania	16	149	6	325	496	430
Uganda	25	148	15	248	436	583
United Kingdom with the Republic of Ireland	-	-	-	1	1	4
USA Eastern	-	-	-	-	-	24
USA Western	-	-	-	4	4	-
Zambia	36	330	5	140	511	830
Zimbabwe and Madagascar	77	396	8	138	619	962
Total	432	15,206	760	7,807	24,205	29,236

*International Service Costs, previously shown as 'Allowable Deductions from Self Denial Funds', are those incurred in facilitating Salvation Army officers' service outside of their home territories.

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

	2023 £000	2022 £000
14. PERSONNEL COSTS		
Salaries and Allowances	9,057	8,372
Employer's Social Security Costs	1,033	885
Employer's Pension Costs	1,289	790
	<u>11,379</u>	<u>10,047</u>

The Trust made termination payments of £31k related to the cessation of certain IHQ publications during the year (2022: £58k).

The number of employees earning greater than £60,000 per annum (including employee benefits but excluding employer's pension costs) was as follows:

	No.	No.
£60,001 - £70,000	17	9
£70,001 - £80,000	7	8
£80,001 - £90,000	5	1
£90,001 - £100,000	2	1
£100,001 - £110,000	1	2
£110,001 - £120,000	1	5
£120,001 - £130,000	-	-
£130,001 - £140,000	-	-
£140,001 - £150,000	-	1
£150,001 - £160,000	-	-
£160,001 - £170,001	1	-

The highest paid employee within the above had employer pension contributions of £Nil (2022: £Nil).

The above amounts include employee and staff costs relating to subsidiary companies.

	2023 Headcount	2022 Headcount
Average number of officers and employees		
Salvation Army International Trust	184	182
Reliance Bank Limited	47	40
SALT College of Africa	17	17
TOTAL	<u>248</u>	<u>239</u>

(i) The Salvation Army International Trust

The key management personnel of The Salvation Army International Trust and the Group, comprise the General, the Chief of the Staff and seven International Secretaries. The total taxable allowances and benefits plus employers' NIC of key management personnel were £260k (2022: £227k). See Note 15 for further details on Trustees' remuneration.

(ii) Reliance Bank Limited

The Bank's key management personnel are considered to be its Directors (both Executive and Non-Executive), and other members of the Chief Operating Officer, the Commercial Director and the Head of Risk and Compliance.

The total taxable remuneration and benefits plus employers' NIC of the Bank's key management personnel was £636k (2022: £616k). Two Executive Directors of Reliance Bank received emoluments during the year, their remuneration was £304k (2022: £283k) and includes pension contributions of £15k (2022: £14k). The highest paid Director received emoluments of £165k (2022: £156) of which pension contributions were £Nil (2022: £Nil). Non-Executive Directors received no remuneration from the Bank and are not members of the pension scheme.

Executive Directors are eligible to apply for loans on terms that are available to all employees of the Bank.

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

15. TRUSTEES

(i) Remuneration

The Salvation Army International Trustee Company directors, fourteen trustees (see Trustees' report for details), comprise nine senior Salvation Army officers and five non-executive directors with specialist expertise. All Salvation Army officers receive an allowance based on length of service and other personal circumstances and, as ministers of religion, are provided with furnished accommodation and transport facilities. Salvation Army officers are required to use the accommodation provided, or another agreed alternative, as part of their ministry. Taxable allowances and benefits received during the year by the officers serving as directors ranged from £22,612 to £28,484. (2022: £2,262 to £32,657) with total emoluments of £196,033 (2022: £198,916) and they did not receive any additional remuneration for their duties as directors.

The non-executive directors did not receive any remuneration for their services.

(ii) Expenses

One trustee (2022:1) received expenses in relation to travel and accommodation of £2,230 (2022: £832) in their capacity as Trustee of The Salvation Army International Trustee Company. Expenses paid on behalf of Executive Directors, in respect of their executive roles are not included here and they received no expenses in the year (2022: Nil) in their capacities as Trustees. There were no expenses paid to third parties on behalf of the Trustees during the year.

16. AUDIT COSTS

The amount payable to the auditors for the audit of these financial statements amounts to £131k excluding VAT (2022: £65k). A one-off fee of £10k was paid in 2022 due to the implementation of the new Accounting software. An additional payment of £25k (2022: £15k) excluding VAT was made in relation to additional work undertaken in respect of the 2022 audit. Their remuneration for services in connection with audits of overseas territories was £31k excluding VAT (2022: £41k) and payments to BDO International offices amounted to £464k (2022: £230k). The audit of Reliance Bank Limited's financial statements amounts to £253k excluding VAT (2022: £120k). The audit of SALT College for Africa's financial statements amounts to £2k excluding VAT (2021: £2k).

17. PENSION COSTS

(a) Salvation Army Employees' Defined Benefit Pension Scheme

The Salvation Army International Trust participates in a multi-employer defined benefit and a defined contribution employee pension schemes, both administered by The Salvation Army United Kingdom with Republic of Ireland Territory. The Trust contributes to The Salvation Army Employees' Pension Fund, a funded defined benefit scheme, in respect of those members of staff who were eligible and had joined the scheme prior to its closure to new members on 31 December 2011. The scheme is a multi-employer scheme incorporating five employers and the actuary has confirmed that it is not possible to allocate the assets and liabilities of the scheme between participating employers in accordance with FRS102. Therefore, the scheme is accounted for as a defined contribution scheme with contributions charged to the Statement of Financial Activities. The scheme is subject to triennial actuarial valuations and provisional results from the most recent one, performed on 31 March 2021, reported a surplus of £2.6 million relative to the technical provisions which corresponded to an on-going funding ratio of 101.2%. A proposed increase in the employers' contribution rate was agreed to be funded from the surplus until 31 March 2022 and an increase in contribution payments took effect from 01 April 2022. In March 2023, members of the defined benefit scheme voted to close the scheme to future service accrual with the final salary link retained. From 01 May 2023, eligible members will contribute instead to the defined contribution scheme with enhanced employer contributions for an agreed period and will also receive three annual lump sum payments. The costs of the 2023 lump sum payments were recognised at their actual value at 31 March 2023 and a new provision created for the subsequent two annual payments (see Note 30). As at 31 March 2023, the Trust and the Bank had respectively 31 and 1 employees (2022: 35 and 1) in the scheme out of a total active membership of 273 (2022:309).

	2023 Group £000	2022 Group £000	2022 Charity £000	2022 Charity £000
Salvation Army Employees' Pension Fund				
Amounts falling due within one year	-	39	-	-
	-	39	-	-

(b) Salvation Army Employees' Defined Contribution Pension Scheme

A Defined Contributions Scheme was introduced from 1 October 2011 and 60 members of staff of The Salvation Army International Trust and 40 members of staff of Reliance Bank Ltd have joined the scheme. Auto enrolment was adopted from 1 April 2014, with employees required to opt out if they did not want to be part of the scheme. The Trust accounts for Pension Costs on the date payments to the Schemes fall due. The costs charged in the current year are disclosed in Note 14.

All pension costs relating to the International Trust are met from Unrestricted funds.

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

18. NET GAINS AND LOSSES

The following (Losses)/Gains have been recognised during the year:

	2023 Group	2022 Group *(as Restated)	2023 Charity	2022 Charity *(as Restated)
Net (Losses)/ Gains on Investments	£000	£000	£000	£000
(Losses)/ Gains on Listed Investments	(9,028)	7,867	(9,028)	7,867
Foreign Exchange Gains on Investments	851	804	851	804
Gains on Revaluation of Investment Properties	2,985	2,866	2,985	2,866
Release of revaluation surplus on transfer of Investments to Properties	(16)	-	(16)	-
Gain on revaluation of Freehold Reversionary Interest	1,150	-	1,150	-
Exchange Gain on revaluation of funds held in the USA	3,806	3,112	3,806	3,112
(Losses)/ Gains on Investments held in the USA	(3,541)	1,068	(3,541)	1,068
	<u>(3,793)</u>	<u>15,717</u>	<u>(3,793)</u>	<u>15,717</u>

*Restated: Further details on the prior period restatements can be found in Note 36.

Further details on Gains on Investments can be found in Note 25(e).

	2023 Group	2022 Group *(as Restated)	2023 Charity	2022 Charity *(as Restated)
Other recognised gains/(losses)	£000	£000	£000	£000
Foreign Exchange Gains/ (Losses)	133	(9)	129	(8)
Gains on revaluation of Properties transferred to Investments	3,799	1,762	3,799	1,762
	<u>3,932</u>	<u>1,753</u>	<u>3,928</u>	<u>1,754</u>

The significant volume of transactions denominated in US dollars has given rise to exchange gain, as rates moved between \$1.3122 and \$1.2398 between March 2022 and March 2023.

19. TAXATION

As a registered charity, the Trust is entitled to exemptions from tax in accordance with the provisions of Section 505 of the Income and Corporation Taxes Act 1988.

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

20. MOVEMENT IN FUNDS

	Balance 31/03/2022	Transfers	*Income	*Expenditure	Balance 31/03/2023
	£000	£000	£000	£000	£000
RESTRICTED					
Property Fund	14,246	-	1,150	(246)	15,150
Officers' Support Endowment Fund	5,491	-	18,322	-	23,813
Int'l Social Justice Commission Fund	2,515	-	-	-	2,515
Int'l Financial Accounting Standards Training	394	-	2,282	(78)	2,598
Other Restricted	4,976	125	2,107	(2,763)	4,445
	<u>27,622</u>	<u>125</u>	<u>23,861</u>	<u>(3,087)</u>	<u>48,521</u>

*Included within income and expenditure amounts above are total net gains of £1,321k

The Property Fund represents restricted funds used for specific property acquisitions.

The Officers' Support Endowment Fund represents restricted funds used to provide grants to Salvation Army officers around the world to assist with basic support costs. Although this fund is called 'Endowment' for historical reasons, it does not meet the definition of an endowment per the relevant Accounting Standards and is not accounted for as such in these accounts.

The International Social Justice Commission Fund represents restricted funds to support the work of the International Social Justice Commission office.

The International Financial Accounting Standards Training represents restricted project funds to support the work of the roll out of cloud-based accounting software and training of staff on internally established International Financial Accounting Standards around the world. All other restricted reserves are funds held for specific overseas areas of work.

Transfers to Restricted Reserves primarily related to transfers from the Board designated Mission Support reserve to cover funding gaps at year end in Restricted projects reserves.

	Balance 31/03/2022	Transfers	*Income	*Expenditure	Balance 31/03/2023
	£000	£000	£000	£000	£000
UNRESTRICTED					
Board Designated Funds					
Property Fund	18,933	825	-	(13)	19,745
Other Fixed Assets Fund	2,306	196	-	(346)	2,156
Reliance Bank Share Fund	5,500	7,000	-	-	12,500
Other Board Designated Funds					
Property Commitments Fund	30,379	(11)	5,684	(3,111)	32,941
Self-Denial Fund	24,692	(127)	28,049	(26,415)	26,199
Investment Appreciation Fund	96,435	(4,974)	-	(16,561)	74,900
Investment Property Revaluation Fund	44,849	(574)	2,969	-	47,244
Exchange Equalisation Fund	4,875	(4)	2,552	-	7,423
Other Designated Funds	87,849	(3,933)	9,539	(9,486)	83,969
	<u>289,079</u>	<u>(9,623)</u>	<u>48,793</u>	<u>(55,573)</u>	<u>272,676</u>
General Reserve					
Held by Trust	5,496	1,497	13,201	(13,808)	6,386
Held by subsidiaries	(3,254)	(20)	7,848	(7,146)	(2,572)
	<u>318,060</u>	<u>(125)</u>	<u>69,842</u>	<u>(76,886)</u>	<u>310,891</u>

*Included within income and expenditure amounts above are total net (losses) of £1,188k

**Restated: Further details on the prior period restatements can be found in Note 36.

The Property Fund represents funds which have been utilised to finance the acquisition of freehold and leasehold properties.

The Other Fixed Assets Fund represents funds which have been used to finance the acquisition of Other Tangible Fixed Assets (per Note 21).

The Reliance Bank Share Fund represents funds which have been used to finance the acquisition of additional Reliance Bank Share Capital. Transfers from the Investment Appreciation Fund and Other Designated Funds totalling £7.00m (2022:£3.00m) were made to fund the purchase of additional share capital in the Bank.

The Property Commitments Fund represents funds earmarked for future property acquisitions and schemes. This includes a reserve held to fund the future replacement of the IHQ building (£20.33m), and an International Property Project reserve (£4.86m) held to provide additional property project funding to territories over the next 2-3 years.

The Self-Denial Fund (£26.20m) represents amounts held to ensure sufficient funds are available to meet the commitment to make maintenance grants to supported territories payable quarterly in advance. The balance is equivalent to 12.4 months of the budgeted grants and support costs payable to overseas territories for the following year.

The Investment Appreciation Fund (£74.90m) represents realised and unrealised gains and losses on listed investments which are still subject to market risk.

The Investment Property Revaluation Fund (£47.24m) represents the surplus on revaluation of tenanted properties held for investment purposes.

The Exchange Equalisation Fund represents exchange gains, not as part of the Investment Appreciation Fund, which are held to offset future exchange losses.

Other Designated Funds are held for particular purposes designated by the directors in the exercise of their discretionary powers, including reserves of £51.09m supporting the balance held and invested in the USA on behalf of SAIT to generate income for specific purposes, which are Medical Services Support (£9.25m), Schools Services Support (£4.49m) and the Officers Support Endowment Fund (£37.35m). The income generated from the Officers Support Endowment Fund is held in a reserve (£3.25m) which provides grants to Salvation Army Officers around the world to support basic needs, and income generated from the Medical Services Support designated funds have resulted in a reserve (£1.21m) to fund projects for Salvation Army Medical Service centres around the World.

Also included is a Mission Support Reserve (£0.73m) held to provide additional project funding to territories over the next year and an International Schools Development reserve (£7.77m) held to provide additional school project funding to territories over the next 2-3 years. In addition, an International Financial and Accounting Standards Implementation Reserve (£3.94m) and IT Development Reserve (£2.51m) are held to fund provision of cloud-based accounting software and adequate Information Technology infrastructures to territories over the next 2-3 years. A Leadership Development Reserve (£3.56m) is held to fund the enhancement of training and personal development of Officer over the next 3-4 years. The Children's Homes Support Reserve (£2.70m) is held to provide ongoing support to improve children's homes facilities around the world over the next 2-3 years. The High Council reserve (£1.07m) is held to fund the typically quinquennial election process of a new General of the Salvation Army, the most recent of which took place in May 2023. The remainder of the Other Designated Funds balance is made up of a number of smaller reserves, none of which are individually material.

The General Reserve represents the working capital required to fund the day-to-day needs of The Salvation Army International Trust, and is equivalent to 5.9 months expenditure on headquarters administration costs.

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

20. MOVEMENT IN FUNDS - continued	Balance 31/03/2021 £000	Transfers £000	*Income £000	*Expenditure £000	Balance 31/03/2022 £000
RESTRICTED					
Property Fund	14,492	-	-	(246)	14,246
Officers' Support Endowment Fund	5,248	-	243	-	5,491
Int'l Social Justice Commission Fund	2,515	-	-	-	2,515
Int'l Financial Accounting Standards Training	1,196	-	1,515	(2,317)	394
Other Restricted	5,218	2	3,042	(3,286)	4,976
	<u>28,669</u>	<u>2</u>	<u>4,800</u>	<u>(5,849)</u>	<u>27,622</u>

*Included within income and expenditure amounts above are total net gains of £628k

The Property Fund represents restricted funds used for specific property acquisitions.

The Officers' Support Endowment Fund represents restricted funds used to provide grants to Salvation Army officers around world to assist with basic support costs. Although this fund is called 'Endowment' for historical reasons, it does not meet the definition of an endowment per the relevant Accounting Standards and is not accounted for as such in these accounts.

The International Social Justice Commission Fund represents restricted funds to support the work of the International Social Justice Commission office.

The International Financial Accounting Standards Training represents restricted project funds to support the work of the roll out

of cloud-based accounting software and training of staff on internally established International Financial Accounting Standards around the world.

All other restricted reserves are funds held for specific overseas areas of work.

	Balance 31/03/2021 £000	Transfers £000	*Income £000	*Expenditure £000	Balance 31/03/2022 £000 **(as Restated)
UNRESTRICTED					
Board Designated Funds					
Property Fund	19,560	2	-	(629)	18,933
Other Fixed Assets Fund	2,422	231	-	(347)	2,306
Reliance Bank Share Fund	2,500	3,000	-	-	5,500
Other Board Designated Funds					
Property Commitments Fund	27,362	819	4,054	(1,856)	30,379
Self-Denial Fund	22,182	(1,987)	25,463	(20,966)	24,692
Investment Appreciation Fund	92,796	-	3,639	-	96,435
Investment Property Revaluation Fund	41,984	-	2,865	-	44,849
Exchange Equalisation Fund	3,155	-	1,720	-	4,875
Other Designated Funds	90,087	(2,547)	7,546	(7,237)	87,849
	<u>277,566</u>	<u>(3,715)</u>	<u>45,287</u>	<u>(30,059)</u>	<u>289,079</u>
General Reserve					
Held by Trust	5,001	480	12,210	(12,195)	5,496
Held by Trading Subsidiary	(2,781)	-	4,841	(5,314)	(3,254)
	<u>304,268</u>	<u>(2)</u>	<u>62,338</u>	<u>(48,544)</u>	<u>318,060</u>

*Included within income and expenditure amounts above are total net gains of £17,295k.

**Restated: Further details on the prior period restatements can be found in Note 36.

The Property Fund represents funds which have been utilised to finance the acquisition of freehold and leasehold properties.

The Other Fixed Assets Fund represents funds which have been used to finance the acquisition of Other Tangible Fixed Assets (per Note 21).

The Reliance Bank Share Fund represents funds which have been used to finance the acquisition of additional Reliance Bank Share Capital.

The Property Commitments Fund represents funds earmarked for future property acquisitions and schemes. This includes a reserve held to fund the future replacement of the IHQ building (£19.33m), and an International Property Project reserve (£5.79m) held to provide additional property project funding to territories over the next 2-3 years.

The Self-Denial Fund (£24.69m) represents amounts held to ensure sufficient funds are available to meet the commitment to make maintenance grants to supported territories payable quarterly in advance. The balance is equivalent to 12.4 months of the budgeted grants and support costs payable to overseas territories for the following year.

The Investment Appreciation Fund (£96.44m) represents realised and unrealised gains and losses on investments which are still subject to market risk.

The Investment Property Revaluation Fund (Restated: £44.85m) represents the surplus on revaluation of tenanted properties held for investment purposes.

The Exchange Equalisation Fund represents exchange gains made and held to offset future exchange losses.

Other Designated Funds are held for particular purposes designated by the directors in the exercise of their discretionary powers including reserves of £47.73m supporting the balance held and invested in the USA on behalf of SAIT to generate income for specific purposes which are, Medical Services Support (£8.64m), Schools Services Support (£4.20m) and the Officers Support Endowment Fund (£34.89m).

The income generated from the Officers Support Endowment Fund has resulted in a reserve (£2.57m) which provides grants to Salvation Army Officers around the world to support basic needs.

Also included is Mission Support Reserve (£2.81m) held to provide additional project funding to territories over the next 2-3 years and an International Schools Development reserve (£7.57m) held to provide additional school project funding to territories over the next 2-3 years.

In addition, an International Financial and Accounting Standards Implementation Reserve (£7.62m) and IT Development Reserve (£4.45m) are held to fund provision of cloud-based accounting software and adequate Information Technology infrastructures to territories over the next 2-3 years.

A Leadership Development Reserve (£3.59m) is held to fund the enhancement of training and personal development of Officers over the next 3-4 years. The Children's Homes Support Reserve (£1.75m) is held to provide ongoing support to improve children's homes facilities around the world over the next 2-3 years.

Four designated Covid-19 Reserves (totalling £2.41m at 31 March 2022) were established to fund responses to the pandemic and are expected to be utilised within the next 2 years.

The remainder of the Other Designated Funds balance is made up of a number of smaller reserves, none of which are individually material.

The General Reserve represents the working capital required to fund the day-to-day needs of The Salvation Army International Trust, and is equivalent to 6.0 months expenditure on headquarters administration costs.

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

23. PROPERTY ASSETS

	Freehold	Long Leasehold	Overseas	Schemes in Progress	Total (Charity) (as Restated)	Subsidiaries Land & Buildings	Total (Group) (as Restated)
	£000	£000	£000	£000	£000	£000	£000
Cost							
Balance at 1 April 2022	30,807	8,125	226	298	39,456	4,661	44,117
Transfers from Investment Property	597	-	-	-	597	-	597
Additions during the year	282	83	-	129	494	-	494
Revaluation on Transfers to Investment Property	3,787	-	-	-	3,787	-	3,787
	35,473	8,208	226	427	44,334	4,661	48,995
Less: Disposals	-	-	(22)	-	(22)	-	(22)
Transfer to Investment Property	(4,104)	-	-	-	(4,104)	-	(4,104)
Balance at 31 March 2023	31,369	8,208	204	427	40,208	4,661	44,869
Depreciation							
Balance at 1 April 2022	10,247	2,242	38	-	12,527	400	12,927
Charge for the year	85	163	2	-	250	138	388
	10,332	2,405	40	-	12,777	538	13,315
Eliminated: on Disposals	-	-	(7)	-	(7)	-	(7)
on Transfer to Investment Property	(57)	-	-	-	(57)	-	(57)
Balance at 31 March 2023	10,275	2,405	33	-	12,713	538	13,251
Net Book Value at 31 March 2023	21,094	5,803	171	427	27,495	4,123	31,618
Net Book Value at 31 March 2022	20,560	5,883	188	298	26,929	4,261	31,190

*Restated: Further details on the prior period restatements can be found in Note 36.

The Transfer to Investments relates to tenanted properties that are held for investment purposes.

24. OTHER TANGIBLE FIXED ASSETS

	Fit-Outs	Office Equipment	IT Equipment	Vehicles	Total (Charity)	Subsidiaries Office	Total (Group)
	£000	£000	£000	£000	£000	£000	£000
Cost							
Balance at 1 April 2022	7,078	329	817	59	8,283	515	8,798
Additions during the year	99	28	76	-	203	226	429
	7,177	357	893	59	8,486	741	9,227
Less Disposals	-	(8)	-	(21)	(29)	-	(29)
Balance at 31 March 2023	7,177	349	893	38	8,457	741	9,198
Depreciation							
Balance at 1 April 2022	5,315	103	500	59	5,977	452	6,429
Charge for the year	163	46	137	-	346	11	357
	5,478	149	637	59	6,323	463	6,786
Eliminated on disposals	-	(1)	-	(21)	(22)	-	(22)
Balance at 31 March 2023	5,478	148	637	38	6,301	463	6,764
Net Book Value at 31 March 2023	1,699	201	256	-	2,156	278	2,434
Net Book Value at 31 March 2022	1,763	226	317	-	2,306	63	2,369

*Restated: Further details on the prior period restatements can be found in Note 36.

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

25. INVESTMENTS

	2023		2022	
	Cost £000	Market Value £000	Cost £000	Market Value £000
(a)(i) Group				
Fixed Assets Investments				
Listed Investments (See Note (d) below)				
Fixed Interest				
UK Government	33,541	29,070	22,399	21,020
Overseas	950	895	98	98
Sterling Certificates of Deposit maturing after One Year (see Note (b))	12,969	12,969	23,313	23,313
Equities				
UK Directly Held Equities	19,548	19,468	14,148	14,342
Overseas Directly Held Equities	87,750	102,084	87,934	116,669
	154,758	164,486	147,892	175,442
Investment Property (see Note (f) below)	14,385	61,629	10,229	55,078
Property - Freehold Reversionary Interest (see Note (g) below)	2,990	7,400	2,990	6,250
Funds held in the USA (see Note (e) below)	-	54,662	-	56,997
	172,133	288,177	161,111	293,767
Current Assets Investments				
Bank Deposits (see Note (c) below)	8,065	8,065	10,000	10,000
Listed Investments (See Note (d) below)				
Sterling Certificates of Deposit maturing within One Year (see Note (b))	20,012	20,012	10,888	10,888
	28,077	28,077	20,888	20,888
	200,210	316,254	181,999	314,655
(a)(ii) Charity				
Listed Investments				
Fixed Interest				
UK Government	33,541	29,070	22,399	21,020
Overseas	950	895	98	98
Equities				
UK Directly Held Equities	19,548	19,468	14,148	14,342
Overseas Directly Held Equities	87,750	102,084	87,934	116,669
	141,789	151,517	124,579	152,129
Subsidiary Company (Note 4)				
Reliance Bank Ltd. - Shares at cost	20,000	20,000	13,000	13,000
Investment Property (see Note (f) below)	14,385	61,629	10,229	55,078
Property - Freehold Reversionary Interest (see Note (g) below)	2,990	7,400	2,990	6,250
Funds held in the USA (see Note (e) below)	-	54,662	-	56,997
	179,164	295,208	150,798	283,454
Bank Deposits (see Note (c) below)	28,154	28,154	27,360	27,360
	207,318	323,362	178,158	310,814

*Restated: Further details on the prior period restatements can be found in Note 36.

(b) Debt Securities

Debt securities are generally held to maturity and are valued at amortised cost less impairment. £11.47m of Sterling Certificates of Deposit held at the balance sheet date mature within three months (2022: £9.88m), with £3.27m maturing between three and six months (2022: £Nil) and £5.28m maturing between six months and one year (2022: £1.00m), £12.97m maturing between one and two years (2022: £10.36m), and £Nil maturing between two and five years (2022: £12.95m).

The role of debt securities in Reliance Bank's investment strategy is to provide a significant balance of realisable assets with high credit quality counterparties. These would be accessible in the event of unexpected funding demands which would otherwise exceed the level of instant access bank deposits that is maintained together with maturing interbank term deposits. Fixed rate debt securities are used to broadly match significant customer term deposits in terms of both interest rate risk and liquidity. A spread of maturities also helps to manage the Bank's overall maturity profile.

(c) Bank Deposits

Sterling - Notice Deposits (less than 3 months)
US Dollars & Euros
US Dollars & Euros - Notice Deposits (greater than 3 months)
Loans and Advances to Banks - Deposits
Cash held by Investment Managers

	2023	2022	2023	2022
	Group £000	Group £000	Charity £000	Charity £000
Sterling - Notice Deposits (less than 3 months)	-	-	4,058	6,540
US Dollars & Euros	-	10	9,730	11,831
US Dollars & Euros - Notice Deposits (greater than 3 months)	-	-	7,310	-
Loans and Advances to Banks - Deposits	1,009	1,001	-	-
Cash held by Investment Managers	7,056	8,989	7,056	8,989
	8,065	10,000	28,154	27,360

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

25. INVESTMENTS - continued

	2023 Group	2022 Group <i>*(as Restated)</i>	2023 Charity	2022 Charity <i>*(as Restated)</i>
	£000	£000	£000	£000
(d) Movement in Listed Investments				
Market Value at 1 April	186,330	199,154	152,129	158,614
Purchases in year	122,846	75,257	75,185	48,416
Sales proceeds	(116,463)	(95,768)	(66,769)	(62,768)
Amortisation	813	(180)	-	-
Net Gains- Listed Investments	(9,028)	7,867	(9,028)	7,867
Market Value at 31 March	184,498	186,330	151,517	152,129
(e) Gains/(Losses) on Investment Assets				
Listed Investments (see Note (d) above)	(9,028)	7,867	(9,028)	7,867
Net Surplus on revaluation of Investment Property	2,985	2,866	2,985	2,866
Release of revaluation surplus on transfer of Investment Property to Fixed Assets	(16)	-	(16)	-
Gain on revaluation of Freehold Reversionary Interest (see Note (f) below)	1,150	-	1,150	-
Gain/(Loss) on revaluation of US Dollar Deposits	817	792	817	792
Gain on Cash Held by Investment Managers	34	12	34	12
Exchange Gain/(Loss) on revaluation of funds held in the USA	3,806	3,112	3,806	3,112
(Loss)/Gain on funds held in the USA	(3,541)	1,068	(3,541)	1,068
	(3,793)	15,717	(3,793)	15,717

**Restated: Further details on the prior period restatements can be found in Note 36.*

Funds held in the USA are held and invested by a USA Salvation Army entity on behalf of SAIT. These funds are intended to be invested with the USA in this way for the long term and for investment appreciation purposes. Net income is remitted quarterly to SAIT, including investment income as well as fair value gains and losses. Due to the nature of these funds held with the USA, SAIT is unable to accurately determine the cost of the investment funds and as such the cost is not disclosed.

The net reduction in Funds held in USA of £2,335k (2022: £1,907k increase) is as a result of £2,600k (2022: £2,273k) being disbursed out of the portfolio against net Gains of £265k (2022: £4,180k Gain).

(f) Investment Property

	2023 Group	2023 Charity
	£000	£000
Cost or valuation at 01 April 2022	55,078	55,078
Additions	75	75
Net Gains from Fair Value Adjustments	2,969	2,969
Transfers from Property Fixed Asset at Fair Value	4,104	4,104
Transfers to Property Fixed Asset (See Note 23)	(597)	(597)
Cost or valuation at 31 March 2023	61,629	61,629

The investment property represents tenanted properties that are held for investment purposes. During the year there were additions to investment property amounting to £4,179k (2022 Restated: £2,356k), which included transfers from Property Fixed Assets at fair value of £4,104k.

In line with the three-year revaluation rolling plan, ninety-nine investment properties were valued individually at fair value using the comparison method by an external Chartered Surveyor, with primary regard to vacant sales comparable evidence paying due regard to the resulting gross yields and this generated a revaluation gain of £2,664k (2022: £686k).

Fair value of the remaining thirty-seven properties was measured by using the applicable Land Registry house price indices to 31 March 2023, resulting in an additional revaluation gain of £440k (2022: £2,244k).

Total net gains on revaluations amounted to £2,985k (2022 Restated: £2,866k). No investment properties were sold during 2022-2023 (2021-22: Nil). During the year one property was transferred back to Fixed Assets for operational use.

(g) Property - Freehold Reversionary Interest

The freehold reversionary interest represents the value of the freehold interest in 99 Queen Victoria Street (adjacent to the headquarters building) on which a long lease has been granted and rental income of £212k (2022: £225k) per annum is receivable.

The freehold reversionary interest has been valued at the year end by the Trustee, based on advice from an external consulting surveyor, at £7.4million (2022: £6.25 million).

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

26. DEBTORS AND PREPAYMENTS	Group £000	Group £000	Charity £000	Charity £000
(a) Debtors and Prepayments due in more than one year				
Amounts falling due after more than one year:				
Loans and Advances to Bank Customers (see (i) below)	103,607	87,077	-	-
Loans due from Salvation Army territories	242	308	242	308
	103,849	87,385	242	308
(b) Debtors and Prepayments due within one year				
	2023 Group £000	2022 Group £000	2023 Charity £000	2022 Charity £000
Due from Salvation Army territories	12,350	9,836	12,350	9,836
Due from Reliance Bank Ltd	-	-	12	-
Due from Salvation Army Leaders Training College of Africa	-	-	51	-
Prepayments	1,278	1,176	1,145	1,005
Other Debtors	1,600	643	1,599	423
	15,228	11,655	15,157	11,264
Loans and Advances to Bank customers (see Note (i) below)	15,211	9,445	-	-
	30,439	21,100	15,157	11,264

(i) Loans and Advances to Bank customers

The role of loans and advances to customers in the Bank's investment and operating strategy is to grow the Bank's profit margins whilst maintaining a conservative lending policy and ensuring the Bank's liquidity and overall maturity profile are not compromised.

No loans have been made to group undertakings.

	2023 £000	2022 £000
Recoverable on Demand:		
Overdrafts	327	459
Other Loans and Advances:		
Mortgages	60,907	47,009
Loans	57,584	49,054
	118,491	96,063
	118,818	96,522
Loans and advances to customers analysed by periods to maturity:		
Recoverable:		
On demand	3,221	2,449
In 3 months or less	3,541	1,387
In 1 year or less but more than 3 months	8,450	5,609
	15,212	9,445
Loans and advances to customers analysed by periods to maturity:		
In 2 years or less but more than one year	1,225	6,724
In 5 years or less but more than 2 years	21,340	12,939
Over 5 years	81,400	67,552
Collective impairment provision	(359)	(138)
	103,606	87,077
	118,818	96,522

27. BANK BALANCES	2023 Group £000	2022 Group £000	2023 Charity £000	2022 Charity £000
Sterling - Interest-bearing current accounts	375	177	5,701	2,988
- Ordinary current accounts	166	346	233	262
US Dollars, Euros and other Foreign currencies	156	6	1,622	5,733
	697	529	7,556	8,983
Loans and Advances to Banks (see (i) below)	11,333	22,725	-	-
Cash and Balances at Central Bank (see (ii) below)	83,262	91,287	-	-
	95,292	114,541	7,556	8,983
(i) Loans and Advances to Banks				
Bank Balances	2023 £000	2022 £000		
Recoverable on Demand	11,333	21,584		
Interbank Loans recoverable in 3 months or less	-	1,141		
	11,333	22,725		

All the loans and advances to banks represent deposits with financial institutions whose credit ratings meet the risk appetite of the Board. No impairment provisions have been raised against these balances (2022: £nil). In both financial years, none of these loans and advances to banks were extended to related parties and none are secured.

Deposits with, and debt instruments issued by, these financial institutions play an important role in Reliance Bank's strategy and day-to-day liquidity management. Instant access bank deposits are held at a sufficient level to meet expected funding requirements with a comfortable margin. Term deposits and debt securities have well spread maturities to match expected cash outflows. Some deposits and debt securities are used to directly match significant customer term deposits, in terms of both interest rate risk and liquidity.

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

27. BANK BALANCES - continued

	2023 £000	2022 £000
(ii) Cash and Balances at Central Bank		
Balances at Central Bank	83,262	91,287
	<u>83,262</u>	<u>91,287</u>

The Bank does not offer a cash counter service at its sole branch premises, with customers having access to cash facilities through existing agency bank arrangements.

The Bank of England Reserve account forms part of the Bank's pool of High Quality Liquid Assets that could be accessed in times of liquidity stress within Reliance Bank's investment strategy. The Bank maintains a low risk liquidity policy to treasury investments in light of agreements in place with some of the larger depositors, maintenance of sufficient High Quality Liquid Assets to cover net cash outflows over a 30 day period is a regulatory requirement, monitored through the calculation of a Liquidity Coverage Ratio (LCR).

	2023 Group £000	2022 Group £000	2023 Charity £000	2022 Charity £000
28. CURRENT LIABILITIES - Other Creditors due within one year				
Due to Salvation Army territories	7,122	5,576	7,122	5,576
Bank customer Accounts (see (i) below)	201,886	209,043	-	-
Other Creditors and Accruals	3,723	3,328	2,979	2,658
	<u>212,731</u>	<u>217,947</u>	<u>10,101</u>	<u>8,234</u>

	2023 £000	2022 £000
(i) Reliance Bank Customer Accounts		
Current Accounts	93,335	92,737
Deposit Accounts	108,551	116,306
	<u>201,886</u>	<u>209,043</u>
With agreed maturity dates or periods of notice by remaining maturity:		
Repayable on demand	154,307	149,270
3 months or less but not repayable on demand	34,208	48,159
1 year or less but over 3 months	13,371	11,614
	<u>201,886</u>	<u>209,043</u>

The Bank has entered into an overarching minimum credit balance agreement with the Charity and a similar arrangement exists with another key customer. The Bank agreed to adjust these minimum balance agreements during the year and total credit balances with the Bank to £49,000,000 are subject to 3 months' written notice (2022: £59,000,000). The Bank's liquidity position, under the current regulatory liquidity regime, reflects these assurances provided to the Bank.

	2023 Group £000	2022 Group £000	2023 Charity £000	2022 Charity £000
29. OTHER CREDITORS DUE AFTER MORE THAN ONE YEAR				
Contingent Payments due to Salvation Army Territories	4,108	4,108	4,108	4,108
	<u>4,108</u>	<u>4,108</u>	<u>4,108</u>	<u>4,108</u>

Salvation Army International Trust agreed to pay consideration of £4,108k to Salvation Army Trust (UK Territory) for the purchase of 49% of the shareholding of Reliance Bank Limited. This payment is contingent on the profitability of the bank. The impact of the discount on the consideration amount was deemed immaterial at the time of the acquisition.

	2023 Group £000	2023 Charity £000
30. PROVISIONS FOR LIABILITIES		
Salvation Army Employees' Pension Fund - Provision for additional payments due to employees		
Provisions at beginning of the year	-	-
Charged to Statement of Financial Activities	217	217
Released to Statement of Financial Activities	-	-
Provisions at end of the year	<u>217</u>	<u>217</u>

A provision for payments due to eligible Salvation Army International Trust employees participating in the Employees' Pension Fund Defined Benefit scheme was created at 31 March 2023 in relation to payments due to them in April 2024 and April 2025 with the payment amounts subject to change in the respective years. The provision has not been discounted as the time value of money is deemed immaterial to the amount.

31. OPERATING LEASE COMMITMENTS

At the 31 March 2023 The Charity and Group subsidiaries committed to making the following payments in respect of operating leases:

	2023 Group £000	2022 Group £000	2023 Charity £000	2022 Charity £000
Within one year	484	374	121	28
Between one to five years	371	579	303	48
Over five years	-	-	-	-
	<u>855</u>	<u>953</u>	<u>424</u>	<u>76</u>

Operating lease payments recognised as expense in the period amounted to £499k (2022: £337k).

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

32. CAPITAL COMMITMENTS

There are no capital commitments at the year end.

33. GUARANTEES AND COMMITMENTS

The following guarantees and commitments of the group have arisen from the subsidiary company, Reliance Bank Limited:

	2023 Contract Amount £000	2022 Contract Amount £000
Commitments:		
Undrawn formal standby facilities of one year or less	7,394	16,555
Contingent Liabilities:		
Guarantees	7,694	7,694
	<u>15,088</u>	<u>24,249</u>

As a matter of course, the Bank takes counter indemnities to cover guarantees extended on behalf of customers. The Bank controls designated deposits sufficient to offset the guarantees extended.

Commitments reflect approved mortgage and loan commitments awaiting drawdown.

34. TRANSACTIONS WITH SALVATION ARMY TERRITORIES AND RELATED PARTIES

a) Salvation Army Territories

The Salvation Army International Trust receives contributions for the International Self-Denial Fund, International Headquarters Support and for other items from Salvation Army territories (see Note 3). Annual grants from the Trust to territories are considered as part of the annual IHQ budget process and paid quarterly in advance to each financially supported territory (see Note 11).

Salvation Army Territories are separate and independent legal entities.

b) Related Parties

The International Trust solely owns Reliance Bank Limited. Related party transactions between the two entities during the financial year include interest received of £240k (2022: £38k) from the Bank, donation of £Nil (2022: £Nil) received from the Bank, rent and services of £77k (2022: £112k) paid to the Bank and bank charges of £12k (2022: £12k) paid to the bank. Other Tangible Fixed Assets of £7k (2022: £Nil) were transferred to Reliance Bank Ltd.

An outstanding balance of £12k due from Reliance bank was recorded at 31 March 2023.

The balance of connected deposits at Reliance Bank Limited due to Parent Undertaking was £28.1m (2022: £27.5m).

Additional Share Capital of £7m (2022: £3m) of the bank was purchased by the Trust during the year.

The Salvation Army Leaders Training College of Africa & Resource Centre Limited (Company Registration Number: PVT-DLUKBDP Kabete Children's Home Complex, PO Box 40575-00100, Nairobi, Kenya) is a wholly owned subsidiary of the Trust. Related party transactions between the two entities include grant payments to the College totalling £173k (2022: £296k).

An outstanding balance due of £51k from SALT College of Africa was recorded at 31 March 2023.

35. ULTIMATE CONTROLLING PARTY

The charity is controlled by The Salvation Army International Trustee Company (SAITCo), a company limited by guarantee (company registration no. 2538134). SAITCo is appointed as the ordinary Trustee of The Salvation Army International Trust.

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

36. PRIOR PERIOD ADJUSTMENTS

a) Transfers of Fixed Asset Properties to Investment Properties

The Balance Sheet, Statement of Financial Activities and Cashflow Statement have been restated to rectify the incorrect treatment of transfers of Properties between Fixed Assets and Investments. There were two elements to the associated mistatements:

- Two properties had been shown as transferred from Fixed Assets to Investments at cost of £374k (total) instead of their Fair Value of £668k (total) as required per FRS102. This resulted in an overstatement in Gains on investments at transfer date of £333k and a corresponding understatement in Other Gains and Losses.
- Three properties had remained in Fixed Assets at their Net Book Value of £156k (total) but should have in fact been transferred to Investments during the period at their fair value of £1,590k (total) as Investment properties under FRS102, giving rise to a Fixed Assets revaluation gain on transfer of £1,430k after write back of £4k depreciation. Additional net gains on Investments in the year amounting to £34k were recognised following the transfers.

These reclassifications generated a reduction in Net Gains on Investments of £298k, an increase in Other Gains and Losses of £1,762k and a depreciation adjustment of £4k. The amounts of the corrections for each financial statement line item are presented below.

Summary of the prior year accounting impact:

	2022 Group Previously Reported £000	2022 Group Restatement £000	2022 Group Restated £000	2022 Charity Previously Reported £000	2022 Charity Restatement £000	2022 Charity Restated £000
Impact on the Balance Sheet						
Fixed Assets - Properties	31,346	(156)	31,190	27,085	(156)	26,929
Fixed Assets - Investments	292,143	1,624	293,767	281,830	1,624	283,454
Unrestricted Funds - Property Fund	19,089	(156)	18,933	19,089	(156)	18,933
Unrestricted Funds - Designated Funds	287,455	1,624	289,079	287,282	1,624	288,906

Impact on Consolidated Cashflow Statement - Group

	2022 Group Total funds Previously Reported £000	2022 Group Total funds Restatement £000	2022 Group Total funds Restated £000
Cashflow Statement			
Note A Reconciliation of net income to net cash flow (used in)/ provide by operating activities			
Net income for the reporting period (as per the statement of financial activities)	11,277	1,468	12,745
Adjustments for:			
Depreciation and amortisation	1,750	(184)	1,566
(Gain)/Loss on investments	(16,015)	298	(15,717)
(Gain) on revaluation of Fixed Assets transferred to Investment	-	(1,762)	(1,762)

Impact on the Statement of Financial Activities

Summary of the prior year accounting impact - Group

	2022 Group Unrestricted funds Previously Reported £000	2022 Group Unrestricted funds Restatement £000	2022 Group Unrestricted funds Restated £000	2022 Group Restricted funds Previously Reported £000	2022 Group Restricted funds Restatement £000	2022 Group Restricted funds Restated £000	2022 Group Total funds Previously Reported £000	2022 Group Total funds Restatement £000	2022 Group Total funds Restated £000
Statement of Financial Activities									
Expenditure On -Charitable Activities	41,345	(4)	41,341	5,820	-	5,820	47,165	(4)	47,161
Net gains on investments	15,388	(298)	15,090	627	-	627	16,015	(298)	15,717
Other recognised Gains/(Losses)	(10)	1,762	1,752	1	-	1	(9)	1,762	1,753

Summary of the prior year accounting impact - Charity

	2022 Charity Unrestricted funds Previously Reported £000	2022 Charity Unrestricted funds Restatement £000	2022 Charity Unrestricted funds Restated £000	2022 Charity Restricted funds Previously Reported £000	2022 Charity Restricted funds Restatement £000	2022 Charity Restricted funds Restated £000	2022 Charity Total funds Previously Reported £000	2022 Charity Total funds Restatement £000	2022 Charity Total funds Restated £000
Statement of Financial Activities									
Expenditure On - Charitable Activities	41,499	(4)	41,495	5,820	-	5,820	47,319	(4)	47,315
Net gains on investments	15,388	(298)	15,090	627	-	627	16,015	(298)	15,717
Other recognised Gains/(Losses)	(9)	1,762	1,753	1	-	1	(8)	1,762	1,754

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

36. PRIOR PERIOD ADJUSTMENTS - Continued

b) Reclassification of subsidiary Interest income from Investment Income to Other Trading Activities

The Statement of Financial Activities has been restated to classify interest income earned by Reliance Bank under the appropriate Group heading. Reliance Bank Limited earns a considerable part of its income in interest. As a financial institution, such income forms part of its operating and trading activities. The interest income from Reliance Bank was previously reported under Investment Income in the Group Statement of Financial Activities. Income of £3,342k was reclassified from as Investment income to Income from Other Trading Activities to reflect the underlying nature of the income generated.

Summary of the prior year accounting impact - Group

	2022 Group Unrestricted funds <i>Previously Reported</i> £000	2022 Group Unrestricted funds <i>Restatement</i> £000	2022 Group Unrestricted funds <i>Restated</i> £000	2022 Group Restricted funds <i>Previously Reported</i> £000	2022 Group Restricted funds <i>Restatement</i> £000	2022 Group Restricted funds <i>Restated</i> £000	2022 Group Total funds <i>Previously Reported</i> £000	2022 Group Total funds <i>Restatement</i> £000	2022 Group Total funds <i>Restated</i> £000
Statement of Financial Activities									
Income - Other trading activities	1,093	3,342	4,435	-	-	0	1,093	3,342	4,435
Investment income	7,818	(3,342)	4,476	140	-	140	7,958	(3,342)	4,616

DIRECT CONTRIBUTIONS FROM TERRITORIES TOWARDS SPECIAL PROJECTS

FOR THE YEAR ENDED 31 MARCH 2023

In addition to the contributions made by the International Trust for work overseas, contributions were made directly by territories towards special projects as stated below. This information is provided by the Trustee and is not included in the opinion on the financial statements by the external auditor.

CONTRIBUTIONS FROM TERRITORIES	£	RECIPIENT TERRITORIES	£
Australia	2,380,823	Angola	325,622
Canada and Bermuda	2,029,382	Bangladesh	429,485
Denmark and Greenland	115,173	Brazil	620,357
Japan	84,662	Canada and Bermuda	739
Korea	52,519	Caribbean	960,139
The Netherlands, Czech Republic and Slovakia	726,768	Congo (Brazzaville) with Gabon	623,863
New Zealand, Fiji, Tonga and Samoa	146,047	Democratic Republic of Congo	561,264
Norway, Iceland and The Faeroes	1,522,832	Denmark and Greenland	6,350
Singapore, Malaysia and Myanmar	20,496	Eastern Europe	6,650,141
South America East	3,922	Finland and Estonia	1,444
Sweden and Latvia	453,817	France and Belgium	74,807
Switzerland, Austria and Hungary	3,137,706	Germany, Lithuania and Poland	429,665
Taiwan	8,276	Ghana with Togo	59,464
United Kingdom with the Republic of Ireland	2,084,473	Hong Kong and Macau	88,960
USA Central	2,983,473	India National Secretariat	52,075
USA Eastern	2,914,608	India Central	86,537
USA Southern	1,792,298	India Eastern	126,860
USA Western	972,677	India Northern	382,186
USA SAWSO	7,627,752	India South Eastern	321,737
		India South Western	56,025
	<u>£29,057,704</u>	India Western	224,442
		Indonesia	499,324
		Italy and Greece	381,994
		Japan	1,649
		Kenya East	1,322,256
		Kenya West	895,097
		Korea	87,577
		Latin America North	390,400
		Liberia and Sierra Leone with Guinea	1,118,297
		Malawi	905,464
		Mali with Burkina Faso	329,471
		Mexico	938,076
		Middle East Region	150,543
		Mozambique	106,295
		The Netherlands, Czech Republic and Slovakia	246,430
		New Zealand, Fiji, Tonga and Samoa	5,766
		Nigeria	612,722
		Norway, Iceland and The Faeroes	145,487
		Pakistan	104,853
		Papua New Guinea and Solomon Islands	760,624
		The Philippines	642,354
		Rwanda and Burundi	700,940
		Singapore, Malaysia and Myanmar	125,412
		South America East	365,103
		South America West	598,695
		Southern Africa	855,010
		Spain and Portugal	153,280
		Sri Lanka	471,879
		Sweden and Latvia	319,264
		Switzerland, Austria and Hungary	744,137
		Taiwan	37,036
		Tanzania	624,891
		Uganda	576,834
		United Kingdom with the Republic of Ireland	29,854
		USA Eastern	409
		Zambia	1,004,020
		Zimbabwe and Botswana with Madagascar	724,099
			<u>£29,057,704</u>

THE SALVATION ARMY

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