

The Salvation Army Retired Officers Allowance Scheme

**9th Report and Accounts for
the year ended 31 March 2022**



THE SALVATION ARMY
International Headquarters
101 Queen Victoria Street
London EC4V 4EH

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 RETIRED OFFICERS ALLOWANCE SCHEME
TRUSTEE'S REPORT

The Trustee is pleased to present the annual report for The Salvation Army Retired Officers Allowance Scheme for the year ended 31 March 2022.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The General, acting under powers contained in The Salvation Army Act 1980, established The Salvation Army International Trust ('SAIT') 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 International Trust.

The Salvation Army Retired Officers Allowance Scheme (referred to as 'the Scheme' or 'ROAS') is a separately registered charity that is administered by SAITCo as the trustee. The directors of SAITCo are thus effectively the trustees of both SAIT and the Scheme.

The Salvation Army International Trustee Company – Ordinary Trustee

Company Registration No 2538134

The Salvation Army International Trust

Registered Charity No 1000566

Trust Settlement Deed dated 21 September 1990

The Salvation Army Retired Officers Allowance Scheme

Registered Charity 1153681

Declaration of Trust dated 13 December 2012

The General of The Salvation Army, as founder of SAIT and the Scheme, 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 and the duties and responsibilities of directors. In addition individual directors follow external courses.

Directors

Commissioner Birgitte Brekke-Clifton <i>SRN</i>	from 1 March 2013 to 30 June 2021
Commissioner Lyndon Buckingham	from 3 August 2018
Commissioner Keith Conrad	from 1 August 2019
Commissioner Lee Graves <i>MBA</i>	from 1 November 2020
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 Suresh Pawar	from 12 November 2020
Commissioner Mark Tillsley <i>BA, MSc, PhD</i>	from 11 May 2018 to 30 April 2021
Lieut-Colonel Russell Malcolm <i>BCom, DipApTh, MBA, CAANZ CA</i>	from 1 February 2022
Dr Matthew Carpenter <i>BA, MBA, DBA, MCM</i>	from 1 July 2014 to 31 January 2022
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

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Audit Committee Members

Ms Rosie Bichard *GCB.D, CFA* (Chair)
Ms Elizabeth Edwards *BSc (Hons), FRICS*
Mr Mark Goodale *BA, FIA*
Mr Tim Sketchley *BA, MA (Cantab), FRICS*
Mr Andrew Stickland *BA(Hons), FCA*

Principal Officers

Commissioner Lee Graves *MBA*
Dr Matthew Carpenter *BA, MBA, DBA, MCM*
Dr Matthew Carpenter *BA, MBA, DBA, MCM*
Lieut-Colonel Russell Malcolm *BCom, DipApTh, MBA, CAANZ CA*
Mr Kaloan Belito *BA, DchA, MSc, FCCA*

Managing Director
Company Secretary
Head of Finance to 31 January 2022
Head of Finance from 1 February 2022
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 WC2H 5JB

Solicitors

Slaughter and May
1 Bunhill Row
London EC1Y 8YY

Auditors

Knox Cropper LLP
65 Leadenhall Street
London EC3A 2AD

Investment Manager

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

Related Party Entities

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 Scheme 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.

The Salvation Army International Trust ('SAIT')

Registered Charity No 1000566
Trust Settlement Deed dated 21 September 1990

SAIT is a separately registered charity that is administered by SAITCo as the trustee. The banking company, Reliance Bank Limited, is a wholly owned subsidiary of SAIT.

THE SALVATION ARMY RETIRED OFFICERS ALLOWANCE SCHEME

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SAIT exists to further the work of The Salvation Army, which is to advance the Christian religion and meet human need as and where it occurs throughout the world, and support the work of International Headquarters ('IHQ'). IHQ is responsible for coordinating the international work and overseeing strategy.

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.

Governance

SAITCo utilises a corporate committee structure to supervise operations of the Scheme. This includes operation of a ROAS Investment Committee (exclusively focused on the Scheme portfolio), Audit Committee and Risk Management Committee with significant involvement from the five Independent Non-Executive Directors of SAITCo. The ROAS Investment Committee is chaired by an Independent Non-Executive Director of SAITCo and considers overall strategy for the Scheme on an ongoing basis recognising a range of available actions including adjusting grants, seeking further donations from territories or external donors and adjusting the mandate of the investment manager. The terms of reference for all subsidiary committees and minutes of all meetings of these committees are reviewed by SAITCo Directors on a regular basis with the latest review of terms of reference undertaken in July 2021.

SAITCo has a Serious Incident Reporting Policy and Procedure in place, reviewed in July 2022, outlining the process followed to decide if an incident relating to the Scheme 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 sound framework of internal controls and strong 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. A project is also well advanced to roll out cloud-based accounting software to all financially supported territories to enable more regular and more detailed reporting of Key Financial Indicators ('KFIs') from territories to IHQ. A new reporting mechanism from territories to IHQ commenced in 2020/21 and remains in place, based upon the suite of 17 KFIs defined within the IFAS manual, allowing IHQ to be better informed of the financial position in territories. These structures and initiatives enable ongoing assessment and review of the local use of grants allocated from the Scheme within recipient countries.

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

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 formal monitoring of Board skills and performance.

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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 SAIT and the Scheme 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 including review of 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 during 2021/22 including changes to the operation of subsidiary boards, committees and councils, update of expenditure authority thresholds for financial decision-making and internal staffing reorganisations.

A further body of agreed actions is anticipated in 2022/23, prompted by the governance review, with a particular focus on reforms to risk management protocols and the strategic planning process.

Remuneration

The Directors of SAITCo comprise senior Salvation Army officers and Independent Non-Executive Directors with specialist expertise. Taxable allowances and benefits as well as Directors expenses are met from SAIT and are not charged to the Scheme.

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 2021, 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 Scheme does not actively undertake widespread fundraising from the general public, the legislation defines fund raising as "soliciting or otherwise procuring money or other property for charitable purposes". Such amounts receivable are presented in the Accounts as "Other Donations".

In relation to the above, SAITCo confirms that no fundraising activity has been taken by the Scheme, or by anyone acting on its behalf, that no fundraising standards or scheme for fundraising regulation has been subscribed to by the Scheme, 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 fund-raisers.

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TRUSTEE'S REPORT

OBJECTIVES AND ACTIVITIES

Public Benefit

In setting and reviewing the Scheme's aims and objectives and planning future activities, SAITCo pays due regard to the guidance issued by the Charity Commission on public benefit. The main activities of the charity are:

- To relieve the poverty of retired officers of The Salvation Army anywhere in the world by funding provision of retirement allowances.
- To relieve financial hardship amongst elderly retired officers of The Salvation Army anywhere in the world by funding provision of retirement allowances.

The charitable objects are achieved by issuing grants to Salvation Army territories, commands and regions around the world to fund the provision of retirement allowances to officers of The Salvation Army.

During the reporting period, the Scheme was able to cover 100% of the cost of the basic retirement allowances of Salvation Army officers in territories, regions and commands requiring this financial support.

ACHIEVEMENTS AND PERFORMANCE

The Scheme distributed grants to 37 overseas territories during the year with allocated grants totalling £3,967,240 (2021: £3,855,581) providing funding towards the retirement allowances of 3,394 officers of The Salvation Army (2021: 3,170). The following illustrative testimonials have been provided by recipient territories:

Sri Lanka Territory

"The Sri Lanka Territory is extremely grateful for the support offered to meet retired officer costs through ROAS grants. The territory faces significant challenges in generating local income, especially as we exit the COVID-19 pandemic, and ROAS grants allow us to manage and meet the needs of retired officers.

Most of our retired officers are wholly dependent on the income from their retirement allowance. The rising cost of living and the economic problems of the island, together with their own living and medical expenses, make these days extremely challenging for every retired officer. The ability to support them on a regular basis and without disruption, is crucial for their wellbeing in these years. There is no doubt that the territory would battle to regularly meet these commitments without the support received through ROAS grants.

'Ayubowan' is a Sri Lankan greeting and also a wish to the recipient of a long life. Our wish is for a 'long life' for each retired officer, as the territory continues to support and look after them – ROAS makes this possible."

Kenya West Territory

"Our territory has a total of 240 retired officers who benefit greatly from ROAS grants. The majority of our retired officers depend solely on their monthly retired officer allowance and have no other source of income for daily upkeep.

The COVID-19 pandemic significantly affected the country's economy during 2021/22 leading to a very high cost of living impacting all citizens of Kenya including our retired officers.

There is limited government provision for older citizens and our retired officers face many medical and cost of living challenges however, with the assistance of ROAS grants, they are able to make ends meet. The territory is sincerely grateful for the vital support of ROAS."

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South America West Territory

"The South America West Territory includes Chile, Bolivia, Peru and Ecuador and has 104 retired officers with 82 located in Chile, 18 in Bolivia and 4 in Peru.

Without the support provided by ROAS it would not be possible for the territory to provide financial security to our retired officers who receive only a small government pension. ROAS grants allow all the basic needs of retired officers to be covered allowing them to live with a certainty of a secure income stream.

Our retired officers have a heartfelt gratitude to ROAS for the grants that ensure them a dignified old age. Our territory also is extremely grateful for this important support and for ensuring the future of our retired officers who can retire with dignity.

Once again, thank you very much for all the support offered by ROAS."

Indonesia Territory

"The retired officers of Indonesia Territory are extremely grateful for the help offered by ROAS. The grants received from ROAS provide their entire retired officer allowance, as there is no government pension available.

Most of our retired officers live extremely simply. The majority return to their home villages when they retire, where they may have a family plot of land or relatives who might help them. Despite this very basic lifestyle, our retired colleagues are enthusiastic encouragers. From their retirement allowance, they support their local Salvation Army church generously, help their colleagues living in care homes and sacrificially sponsor Salvation Army officer cadets in the training college.

The grant from the ROAS scheme is not taken for granted but appreciated as a gift – for which the retired officers express their sincere gratitude to ROAS."

India South Western Territory

"The India South Western Territory has 345 retired officers and would not be in a position to provide any allowance or support to retired officers without ROAS grants.

The cost of living in Kerala is very high and many retired officers face financial struggles with limited government support available to provide adequate facilities for people with limited income. Most retired officers in the territory live in rental accommodation and are fully dependent upon their retired officer's allowance with no other income source. Many of the officers are sick and require regular medicines while receiving no government pension, health care support or social welfare. In this situation, the ROAS grants provide a great support to territory as well as each retired officer. The ROAS grant gives hope and strength and we extend sincere thanks for this vital support."

Key Statistics

- ☐ The Scheme distributed grants to 37 overseas territories during 2021/22 totalling £3.97 million.
- ☐ Grants have significantly increased in recent years from £1.13 million (2016) to £3.97 million (2022).
- ☐ 3,394 retired officers of The Salvation Army benefitted from the grants distributed during the year.

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TRUSTEE'S REPORT

Future Plans

The longstanding aim of the Scheme has been to build an investment portfolio sufficient to cover up to 100% of the cost of the basic retirement allowances of Salvation Army officers in territories requiring this financial support.

This significant milestone was realised with commencement of grants to cover 100% of the cost of the basic retirement allowances effective from 2016/17, with grants subsequently maintained at this level including for the year under review. Achievement of this keynote objective was only possible due to the strong financial position of the Scheme (see Financial Review below) with the operational impact upon beneficiaries to be continually monitored and assessed in future years.

Going forward, the Scheme will focus upon maintaining total grant funding at a level sufficient to cover 100% of the cost of the basic retirement allowances of Salvation Army officers in territories requiring this financial support, within a sustainable funding model.

The Trustee continues to monitor developments closely in relation to the COVID-19 crisis, Russia/Ukraine 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 Scheme's going concern status.

SAITCo will continue to actively monitor the impact of the COVID-19 crisis and Russia/Ukraine crisis in particular upon the operations of the Scheme as well as those of SAIT and Salvation Army territories with updates provided to the Board considering the impact of the crises upon global Salvation Army operations, the financial position of the Scheme, the investment portfolio of the Scheme and associated logistical matters.

The Scheme is well placed to meet these crises and achieve its focused grant-making objectives due to its strong financial position, investment strategy and reserves policy (see Financial Review below) all underpinned by the governance structures of SAITCo.

FINANCIAL REVIEW

Total income of £2,637,581 (2021: £2,388,826) was received during 2021/22 including contributions from Salvation Army territories totalling £293,204 (2021: £284,832) and other donations of £80 (2021: £919).

The total investment income of £2,344,297 (2021: £2,103,075) received during 2021/22 comprised interest receivable of £16,009 (2021: £13,009), dividends receivable of £1,543,056 (2021: £1,108,428) and income from gilts and bonds of £785,232 (2021: £981,638). Total expenditure showed only a small increase from £4,313,054 (2021) to £4,461,887 (2022) including distributions to recipient territories of £3,967,240 (2021: £3,855,581), cost of raising funds of £488,649 (2021: £451,799) and other costs of £5,998 (2021: £5,674).

Movement in listed investments recorded a reasonable net gain of £5,085,889 following a gain of £25,952,713 (2021), reflecting market conditions and representing both the realised and unrealised gains/losses arising on sales and the market value of investments held at year end.

A transfer of £2,000,000 (2021: £2,000,000) was made from expendable endowment funds to unrestricted funds upon instruction from the ROAS Investment Committee in accordance with the Reserves Policy (see below).

The net movement in funds for the year shows increases in expendable endowment funds of £3,085,889 and unrestricted funds of £175,694. Total funds of £132,849,280 were held at year end comprising £130,932,816 in expendable endowment funds and £1,916,464 in unrestricted funds.

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Investments

Investments 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 Scheme in line with benchmarks that have been set and against which performance is measured.

The ROAS 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 committees 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 meetings of SAITCo 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 Scheme can tackle through its investment policy.

SAITCo has established an ethical investment policy to reflect The Salvation Army's ethical and moral stance. Therefore, this 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
- f) the provision of adult entertainment services
- g) the publication and/or sale of pornographic media
- h) the extraction of thermal coal or the production of oil from tar sands

For the avoidance of doubt in relation to sub-paragraphs (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.

Beyond the ethical statement, the investment manager is directed to take into account The Salvation Army Act 1980 and to monitor the portfolio to ensure companies held within it adhere to best practice in corporate governance, employment conditions, social responsibility and environmental sustainability.

The following table gives the long-term ranges and current weightings expressed in percentages of the Scheme investment funds:

Asset Type	Long-term Range	Year End Position
at 31/03/2022		Weightings
Long-dated Global Bonds	15 - 35%	19.1%
Equities	55 - 75%	65.6%
Alternatives	0 - 10%	9.8%
Liquid Assets	0 - 10%	5.5%
Total		100.0%

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For the year ended 31 March 2022, the portfolio total return amounted to +6.0% against an ethically adjusted comparator return of +7.2%. The portfolio's total funds increased from £125,487,894 (2021) to £128,600,436 (2022).

Investment strategy going forward will be closely monitored by the ROAS Investment Committee in response to the prolonged inflationary environment currently being experienced and other emergent market conditions.

Reserves

The capital funds of the Scheme are held as expendable endowment funds in accordance with the wishes of the donors. The purpose is to invest these funds to generate a sufficient return to fund the grants to overseas territories covering up to 100% of the cost of the basic retirement allowances for retired officers in accordance with long standing objectives.

During 2018/19, the ROAS Investment Committee concluded a consultation with prior donors to the Scheme which secured their support for use of investment gains as well as investment income to fund the expenditure of ROAS with this enacted via a year end procedure agreed by the Committee with the external auditors and in effect for the year under review. Under this procedure the ROAS Investment Committee assess the forecast year end position, reviews the projected overall surplus/deficit for the current year and the balances carried forward on unrestricted funds and expendable endowment funds, and decides if a transfer from expendable endowment funds to unrestricted funds (use of investment return to fund annual expenditure) is necessary.

Following deliberations, the Committee instructed a transfer of £2,000,000 from expendable endowment funds to unrestricted funds for 2021/22 with a final balance, following processing of the transfer, of £130,932,816 in expendable endowment funds and £1,916,464 in unrestricted funds.

Principal Risks and Uncertainties

SAITCo 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 nine members, including 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.

In addition to the above framework, a range of additional protocols are in place allowing SAITCo to actively monitor the impact of the COVID-19 crisis and Russia/Ukraine crisis upon the operations of the Scheme as well as those of SALT and Salvation Army territories with working parties undertaking tasks in specific areas and regular updates provided to the Board considering the impact of the crises upon global Salvation Army operations, the financial position of the Scheme, the investment portfolio of the Scheme and associated logistical matters.

The main risks and uncertainties faced by the Scheme, 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:

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Key Risk	Mitigating Strategy
Investment risk for ROAS portfolio including but not limited to: inflation risk, shortfall risk, country risk, currency risk, interest rate risk, volatility risk, liquidity risk, manager risk and market risk.	Perpetual review of investment performance and development of risk mitigating strategies by ROAS Investment Committee which includes external experts and is chaired by an Independent Non-Executive Director of SAITCo.
Unexpected demands for ROAS distributions.	Regular submission of budgets and retired officer allowance scales from territories for approval at IHQ Boards. Ongoing review of ROAS distribution levels by ROAS Investment Committee and SAITCo.
Deficient financial administration of ROAS grants in territories.	Continuous IHQ monitoring of global operations on a territory-by-territory basis. A suite of policies and procedures in place to manage operational risks. Annual external audits of territories with internal audits also undertaken periodically depending on the extent of perceived risk.

Statement of Trustee's Responsibilities

SAITCo is required to prepare an annual report and financial statements in order to discharge its duty of public accountability and stewardship. This report must give a true and fair view of the Scheme's affairs and its incoming resources and resources expended. In so doing SAITCo is required to account for all money and other assets which have been entrusted to the Scheme for whatever purpose. It is the responsibility of SAITCo to safeguard the assets of the Scheme and take all reasonable steps to prevent fraud and other irregularities.

SAITCo is responsible for ensuring that the assets of the Scheme are employed solely in furthering the objects as set out in the Declaration of Trust.

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SAITCo is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Scheme. The financial statements are required to be prepared in accordance with the Statement of Recommended Practice (FRS 102 second edition) (effective 1 January 2019). In preparing the financial statements, SAITCo is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements that are reasonable and prudent;
- State whether applicable 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 to operate.

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



Dr Matthew Carpenter *BA, MBA, DBA, MCFI*
Company Secretary

11 November 2022

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEE
OF THE SALVATION ARMY RETIRED OFFICERS ALLOWANCE SCHEME**

Opinion

We have audited the financial statements of The Salvation Army Retired Officers Allowance Scheme (the 'charity') for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows 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).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2022 and of its 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 Charities Act 2011.

Basis of opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information.

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

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEE OF THE SALVATION ARMY RETIRED OFFICERS ALLOWANCE SCHEME

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 course of 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 require us to report to you if, in our opinion:

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

Responsibilities of Trustees

As explained more fully in the Trustee's Responsibilities Statement set out on pages 10-11, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intend to liquidate the 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEE OF
THE SALVATION ARMY RETIRED OFFICERS ALLOWANCE SCHEME**

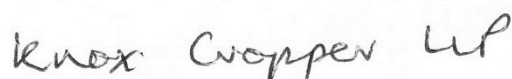
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting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

- The Charity is required to comply with charity law and, based on our knowledge of its activities, we identified that the legal requirement to accurately account for restricted funds was of key significance.
- We gained an understanding of how the charity complied with its legal and regulatory framework, including the requirement to properly account for restricted funds, through discussions with management and a review of the documented policies, procedures and controls.
- The audit team, which is experienced in the audit of charities, considered the charity's susceptibility to material misstatement and how fraud may occur. Our considerations included the risk of management override.
- Our approach was to check that all restricted income was properly identified and separately accounted for and to ensure that only valid and appropriate expenditure was charged to restricted funds. This included reviewing journal adjustments and unusual transactions.

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

Use of the audit report

This report is made solely to the charity's trustee 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 trustee those matters we are required to state to the trustee 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 trustee for our audit work, for this report or for the opinions we have formed.



**Knox Cropper LLP
Statutory Auditor
65 Leadenhall Street
London EC3A 2AD**

11 November 2022

Knox Cropper 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.

THE SALVATION ARMY RETIRED OFFICERS ALLOWANCE SCHEME
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE PERIOD ENDED 31 MARCH 2022

----- 2022-----					-----2021-----				
Notes	Unrestricted Funds £	Restricted Funds £	Expendable Endowment Funds £	Total £	Unrestricted Funds £	Restricted Funds £	Expendable Endowment Funds £	Total £	
INCOME AND ENDOWMENTS FROM									
Voluntary Income	2								
Received from Salvation Army Territories	293,204	-	-	293,204	284,832	-	-	284,832	
Received from Salvation Army International Trust	-	-	-	-	-	-	-	-	
Other Donations	80	-	-	80	919	-	-	919	
	293,284	-	-	293,284	285,751	-	-	285,751	
Investments	3	2,344,297	-	2,344,297	2,103,075	-	-	2,103,075	
Total Income		2,637,581	-	2,637,581	2,388,826	-	-	2,388,826	
EXPENDITURE ON									
Raising Funds	4	488,649	-	488,649	451,799	-	-	451,799	
Charitable Activities	5	3,973,238	-	3,973,238	3,830,620	30,635	-	3,861,255	
Total Expenditure		4,461,887	-	4,461,887	4,282,419	30,635	-	4,313,054	
Net Gains/(Losses) on Investments	9(b)	-	-	5,085,889	5,085,889	-	-	25,952,713	25,952,713
Net Income/(Expenditure)		(1,824,306)	-	5,085,889	3,261,583	(1,893,593)	(30,635)	25,952,713	24,028,485
Transfers between Funds	12	2,000,000	-	(2,000,000)	-	2,000,000	-	(2,000,000)	-
Other Recognised Gains/(Losses)									
Other Gains/(Losses)		-	-	-	-	-	-	-	-
Net Movement in Funds		175,694	-	3,085,889	3,261,583	106,407	(30,635)	23,952,713	24,028,485
Reconciliation of Funds									
Total Funds Brought Forward 1 April 2021		1,740,770	-	127,846,927	129,587,697	1,634,363	30,635	103,894,214	105,559,212
Total Funds Carried Forward 31 March 2022		1,916,464	-	130,932,816	132,849,280	1,740,770	-	127,846,927	129,587,697

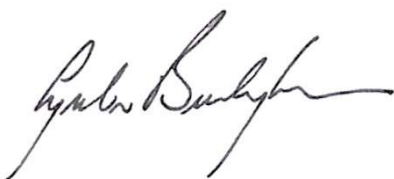
All activities reported above, in both the current and preceding year, relate to continuing activities.

The notes on pages 18 to 24 form an integral part of these Financial Statements.

THE SALVATION ARMY RETIRED OFFICERS ALLOWANCE SCHEME
BALANCE SHEET
AS AT 31 MARCH 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Investments	9	<u>121,387,831</u>	<u>122,148,925</u>
		<u>121,387,831</u>	<u>122,148,925</u>
CURRENT ASSETS			
Investments	9	7,212,605	3,338,969
Debtors and Prepayments	10	661,133	608,178
Bank and Cash		<u>5,276,293</u>	<u>4,831,011</u>
		13,150,031	8,778,158
Current Liabilities: Amounts falling due within one year	11	(1,688,582)	(1,339,386)
NET CURRENT ASSETS		<u>11,461,449</u>	<u>7,438,772</u>
NET ASSETS	13	<u><u>132,849,280</u></u>	<u><u>129,587,697</u></u>
FUNDS			
Unrestricted Funds		1,916,464	1,740,770
Expendable Endowment Funds		<u>130,932,816</u>	<u>127,846,927</u>
TOTAL FUNDS	12	<u><u>132,849,280</u></u>	<u><u>129,587,697</u></u>

Approved on behalf of The Salvation Army International Trustee Company on 11 November 2022 by:



Lyndon Buckingham - Chairman



Lee Graves - Managing Director

THE SALVATION ARMY RETIRED OFFICERS ALLOWANCE SCHEME
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2022

	2022 £	2021 £
CASH FLOWS FROM OPERATING ACTIVITIES	<u>(1,528,065)</u>	<u>(2,152,860)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(44,751,941)	(52,551,389)
Sales Proceeds from Investment Sales	<u>50,598,924</u>	<u>58,022,851</u>
	<u>5,846,983</u>	<u>5,471,462</u>
Change in Cash and Cash Equivalents during the year	4,318,918	3,318,601
Cash and Cash Equivalents at start of the year	<u>8,169,980</u>	<u>4,851,371</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>12,488,898</u>	<u>8,169,980</u>
 Reconciliation of Net Movement in Funds to Net Cash Flow from Operating Activities		
Net Movement in Funds	3,261,583	24,028,485
Adjustments for:		
Net (Gains)/Losses on Investments	(5,085,889)	(25,952,713)
(Increase)/Decrease in Debtors	(52,955)	34,579
Increase/(Decrease) in Creditors	<u>349,196</u>	<u>(263,211)</u>
Net Cash Provided by Operating Activities	<u>(1,528,065)</u>	<u>(2,152,860)</u>
 Analysis of Cash and Cash Equivalents		
Deposits Held by Investment Manager	6,956,480	3,107,531
Cash Held by Investment Manager	256,125	231,438
Cash at Bank	<u>5,276,293</u>	<u>4,831,011</u>
Total Cash and Cash Equivalents	<u>12,488,898</u>	<u>8,169,980</u>

**THE SALVATION ARMY RETIRED OFFICERS ALLOWANCE SCHEME
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2022**

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out as follows:

(a) Basis of Accounting

The accounts have been prepared under the historical cost convention, subject to the inclusion of investments at market value, and are in compliance with the Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102 second edition) (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 charity is a public benefit entity as defined by FRS 102.

- (b) Voluntary Income** – Contributions receivable from Salvation Army Territories are accounted for when remitted by the Territories to the Scheme, including contributions held by the Salvation Army International Trust on behalf of the Scheme. One exception to this is income receivable from the Canada and Bermuda Territory, which is invoiced and recognised on an accruals basis as an additional processing arrangement is in place for this territory.

Other income is recognised when all conditions of receipt are met.

- (c) Investment Income** is accounted for on an accruals basis.
- (d) Other Income** is accounted for on an accruals basis.
- (e) Grants Payable** are accounted for on the basis of approved claims received during the financial year from overseas territories with any outstanding claims accrued.
- (f) Other Expenditure** is accounted for on an accruals basis.
- (g) Going Concern** – The trustee considers that there are no material uncertainties about the Charity's ability to continue as a going concern. The trustee has reviewed the schemes financial position, considering cash levels and reserves to continue in the foreseeable future. It is at the discretion of the trustee to determine what contributions can be made to fund retirement allowances and if required these contributions could be decreased to continue as a going concern.
- (h) Expendable Endowment** funds represent donations received over a number of years of which the income earned is used to fund retirement allowances. The capital of the fund can be transferred to unrestricted funds, as and when necessary, to enable the payments to continue when earned income is insufficient.
- (i) Foreign exchange** transactions are recorded at the rate of exchange prevailing at the quarter end date to which the grant relates. All gains and losses on exchange are included in the Statement of Financial Activities.

THE SALVATION ARMY RETIRED OFFICERS ALLOWANCE SCHEME
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2022

2. INCOMING RESOURCES

Contributions were received during the period from the following Salvation Army Territories and other donors.

	Unrestricted Contributions	2022	2021
	£	£	£
Canada and Bermuda	293,204	293,204	284,832
Other	<u>80</u>	<u>80</u>	<u>91</u>
	<u>293,284</u>	<u>293,284</u>	<u>285,75</u>

3. INVESTMENT INCOME

	2022	2021
	£	£
Interest Receivable	16,009	13,009
Dividends Receivable	1,543,056	1,108,428
Income from Gilts and Bonds	<u>785,232</u>	<u>981,638</u>
	<u>2,344,297</u>	<u>2,103,075</u>

4. COST OF RAISING FUNDS

	2022	2021
	£	£
Investment Management Costs	<u>488,649</u>	<u>451,799</u>
	<u>488,649</u>	<u>451,799</u>

THE SALVATION ARMY RETIRED OFFICERS ALLOWANCE SCHEME
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2022

5. CHARITABLE EXPENDITURE

The following grants have been made during the period:

	2022	2021
	£	£
GRANTS		
Angola	6,528	5,654
Bangladesh	3,030	3,942
Brazil	70,400	68,283
Caribbean	230,693	247,770
Congo (Brazzaville)	94,515	104,838
Democratic Republic of Congo	120,877	119,516
Eastern Europe	17,777	21,237
Ghana	72,253	61,540
India Central	228,748	227,200
India Eastern	107,683	97,220
India Northern	114,277	108,831
India South Eastern	287,153	258,101
Indian South Western	372,634	380,461
India Western	225,546	215,389
Indonesia	169,142	173,884
Kenya East	95,834	100,308
Kenya West	329,021	306,824
Latin America North	75,215	71,565
Liberia and Sierra Leone	5,759	5,596
Malawi	9,458	6,169
Mexico	114,431	108,074
Mozambique	2,555	1,670
Nigeria	95,346	85,903
Pakistan	72,930	75,041
Papua New Guinea and Solomon Islands	48,109	48,851
Philippines	81,130	87,337
Russia	21,099	19,197
Singapore, Malaysia and Myanmar	22,026	25,519
South America East	118,904	133,251
South America West	329,948	313,536
Southern Africa	232,232	202,332
Sri Lanka	34,797	35,779
Taiwan	20,826	20,862
Tanzania	4,032	4,432
Uganda	14,818	13,629
Zambia	50,787	39,063
Zimbabwe and Botswana	66,727	56,777
	<u>3,967,240</u>	<u>3,855,581</u>
OTHER EXPENDITURE		
Bank Charges	58	34
Audit Fees	5,940	5,640
	<u><u>3,973,238</u></u>	<u><u>3,861,255</u></u>

The above grants represent transfers made to overseas Salvation Army Territories to help fund the provision of allowances payable to retired Salvation Army Officers.

**THE SALVATION ARMY RETIRED OFFICERS ALLOWANCE SCHEME
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2022**

6. TRUSTEES

Remuneration & Expenses

The directors of the Salvation Army International Trustee Company, the trustees, comprise senior Salvation Army officers and independent non-executive directors with specialist expertise and, for the period to 31 January 2022, an employee who acted as Director/Company Secretary. Taxable allowances and benefits, as well as trustee expenses are borne by the Salvation Army International Trust.

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

7. AUDIT COSTS

The amount payable to the auditors for the audit of these financial statements amounts to £4,950 (2021: £4,700) excluding VAT.

8. TAXATION

As a registered charity, the Scheme is entitled to tax exemptions from tax available to charities on its income and gains.

THE SALVATION ARMY RETIRED OFFICERS ALLOWANCE SCHEME
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2022

9. **INVESTMENTS**

	Market Value 2022	Cost 2022	Market Value 2021	Cost 2021
	£	£	£	£
(a) Listed Investments				
Bonds				
Government Bonds	1,745,795	1,741,114	705,180	631,735
Non-Government Bonds	22,551,043	24,602,517	22,819,115	22,538,673
	<u>24,296,838</u>	<u>26,343,631</u>	<u>23,524,295</u>	<u>23,170,408</u>
Equities				
UK Equities	13,250,424	12,700,344	13,290,511	11,670,248
Asian Equities	9,299,294	8,831,937	11,327,642	8,869,350
European Equities	15,261,265	13,724,878	18,900,115	14,320,466
North America Equities	53,955,884	37,066,414	53,611,685	37,910,796
South America Equities	-	-	1,494,677	1,770,392
Multi Regional Equities	5,324,126	4,871,242	-	-
	<u>97,090,993</u>	<u>77,194,815</u>	<u>98,624,630</u>	<u>74,541,252</u>
Fixed Asset -Investments (See note 9(b))	<u>121,387,831</u>	<u>103,538,446</u>	<u>122,148,925</u>	<u>97,711,660</u>
Deposits				
Sterling Deposits managed by Sarasins	6,956,480	6,956,480	3,107,531	3,107,531
Cash held with Broker	256,125	256,125	231,438	231,438
	<u>7,212,605</u>	<u>7,212,605</u>	<u>3,338,969</u>	<u>3,338,969</u>
Total Investments	<u>128,600,436</u>	<u>110,751,051</u>	<u>125,487,894</u>	<u>101,050,629</u>
(b) Movement in Listed Investments				
Market Value at 1 April 2021	122,148,925		101,667,673	
Purchases in year	44,751,941		52,551,389	
Sales Proceeds	(50,598,924)		(58,022,850)	
Net Gains/(Losses) – Listed Investments	<u>5,085,889</u>		<u>25,952,713</u>	
Market Value at 31 March 2022	<u>121,387,831</u>		<u>122,148,925</u>	

10. **DEBTORS**

	2022	2021
	£	£
Amounts owed from The Salvation Army International Trust	-	254,544
Accrued Interest and Dividends	367,929	353,634
Funds Receivable from Territories	<u>293,204</u>	-
	<u>661,133</u>	<u>608,178</u>

11. **CREDITORS**

	2022	2021
	£	£
Amounts owed to The Salvation Army International Trust	71,078	-
Accruals	123,304	120,927
Grants Payable	<u>1,494,200</u>	<u>1,218,451</u>
	<u>1,688,582</u>	<u>1,339,378</u>

THE SALVATION ARMY RETIRED OFFICERS ALLOWANCE SCHEME
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2022

12. FUNDS

	Brought Forward 01/04/2021	Income	Expenditure	Gains and (Losses)	Transfers Between Funds	Carried Forward 31/03/2022
	£	£	£	£		£
Unrestricted Funds	1,740,770	2,637,581	(4,461,887)	-	2,000,000	1,916,464
Expendable Endowment Funds	127,846,927	-	-	5,085,889	(2,000,000)	130,932,816
Total	129,587,697	2,637,581	(4,461,887)	5,085,889	-	132,849,280

The transfer between funds was agreed by the Trustees to ensure adequate unrestricted funds to pay existing and future creditors.

	Brought Forward 01/04/2020	Income	Expenditure	Gains and (Losses)	Transfers Between Funds	Carried Forward 31/03/2021
	£	£	£	£		£
Unrestricted Funds	1,634,363	2,388,826	(4,282,419)	-	2,000,000	1,740,770
Restricted Funds	30,635	-	(30,635)	-		
Expendable Endowment Funds	103,894,214	-	-	25,952,713	(2,000,000)	127,846,927
Total	105,559,212	2,388,826	(4,313,054)	25,952,713	-	129,587,697

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds 2022	Expendable Endowments 2022	Total Funds 2022
	£	£	£
Fixed Asset Investments	-	121,387,831	121,387,831
Net Current Assets	1,916,464	9,544,985	11,461,449
	1,916,464	130,932,816	132,849,280

	Unrestricted Funds 2021	Expendable Endowments 2021	Total Funds 2021
	£	£	£
Fixed Asset Investments	-	122,148,925	122,148,925
Net Current Assets	1,740,770	5,698,002	7,438,772
	1,740,770	127,846,927	129,587,697

**THE SALVATION ARMY RETIRED OFFICERS ALLOWANCE SCHEME
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2022**

14. RELATED PARTIES: TRANSACTIONS WITH CONNECTED TRUSTS

The Salvation Army International Trust is a connected trust and both Trusts have the same Trustee. Officers and Employees of the Salvation Army International Trust provide management services to the scheme which are not recharged. The Retired Officers Allowance Scheme holds a current account and deposit accounts with Reliance Bank Limited which is owned solely by The Salvation Army International Trust. Balances held at the year end at Reliance Bank Limited amounted to £5.28m (2021: £4.83m).

Grants payable to overseas Salvation Army territories are set out in note 5 and grants receivable from overseas Salvation Army territories are set out in note 2. Each territory is governed through local registration(s) and 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.

There were no other related party transactions.