

Church Army (The)
Reports and Financial Statements
Year Ended 31 March 2022

Charity registration numbers:
England & Wales: 226226
Scotland: SC040457
Republic of Ireland: 20152604

Company registration number: 00037169

	Page
Charity Reference and Administrative Details	1
Welcome from the Chief Executive	3
Trustees' Annual Report (including Directors' Report and Strategic Report)	4
Independent Auditor's Report	29
Group Statement of Financial Activities	33
Society Statement of Financial Activities	34
Balance Sheets	35
Group Statement of Cash Flows	36
Society Statement of Cash Flows	37
Notes to the Financial Statements	38

Church Army (The)
Trustees' Annual Report (Including Directors' Report and Strategic Report)
Year Ended 31 March 2022

Patron	Her Late Majesty The Queen
President	The Rt Rev & Rt Hon Lord Williams of Oystermouth
Vice Presidents	The Rt Rev Bruce Cameron The Most Rev Dr Richard Clarke The Most Revd John Davies The Rt Rev Lord Eames of Armagh The Rt Rev Dr Alan Harper OBE The Most Rev Dr Michael Jackson Dr Bill Lattimer The Most Rev Barry Morgan Pam Rhodes The Most Rev & Rt Hon John Sentamu June Simpson The Most Revd Mark Strange Roy Totten The Rt Rev Michael Turnbull The Most Rev & Rt Hon Justin Welby
Trustees and Board	Chair: The Most Rev & Rt Hon Stephen Cottrell Vice Chair: The Rt Rev Guli Francis-Dehqani Honorary Treasurer: John Whitfield The Rt Rev Alan Abernethy The Ven Dr John Applegate (resigned 22 Nov 2021) Trevor Douglas (resigned 23 August 2022) Stephen Eccleston (resigned 22 Nov 2021) The Rt Rev Dr Robert Gillies Rev Sister Kathy Green CA The Rt Rev Lusa Nsenga-Ngoy (resigned 4 Aug 2022) The Rt Rev Joanna Penberthy The Ven Dr Peter Rouch (appointed 1 May 2021) Sister Karen Webb CA Captain Andrew Payne CA Rev Karen West
Chief Executive	The Ven Dr Peter Rouch (appointed 1 May 2021)
Company Secretary	Robin Webb
Senior Leadership Team	The Ven Dr Peter Rouch Chief Executive (appointed 1 May 2021) The Rev Jude Davis Director of Community and Vocations Sister Sheelagh Easby CA Associate Member (resigned 30 Nov 2021) Dr Timothy Ling Director of Learning and Development Robin Webb Chief Operating Officer Captain Neville Willerton CA Director of Mission Operations

Registered office	Wilson Carlile Centre 50 Cavendish Street Sheffield S3 7RZ Telephone 0300 123 2113 Email: info@churcharmy.org
Auditor	BHP LLP Sheffield
Solicitors	Cooper Burnett LLP Anthony Collins Solicitors LLP
Bankers	Barclays Bank PLC Unity Trust Bank PLC
Actuaries	First Actuarial PLC
Investment Managers	Ruffer LLP CCLA Investment Managers Limited
Charity registration numbers	England & Wales: 226226 Scotland: SC040457 Republic of Ireland: 20152604
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**Church Army (The)
Trustees' Annual Report (Including Directors' Report and Strategic Report)
Year Ended 31 March 2022**

Welcome

Thank you for reading this Report and Accounts. Whether your eyes are drawn to our work on the ground or the way we have raised and managed resources to make a difference in the lives of those on the margins of life, I hope you will find much that is an encouragement.

Church Army is growing. We are expanding our reach and developing our impact across these islands. Our centres of mission which serve in challenged communities, and do so in partnership with Anglican dioceses, continue to grow in number and impact. Indeed, we have more dioceses in discussion with us about the potential new centres than we have had for a considerable time.

We identify and develop people to become Church Army Evangelists, many of whom go on to serve in these centres of mission. Our training and the vision and values that guide our work can also equip people to serve in many different contexts and organisations. The numbers entering training with Church Army is growing - so much so that we are needing to find a new and larger venue to hold our annual commissioning service because we are outgrowing the capacity at the Wilson Carlile Centre.

The 24/7 emergency drop-in centre at our Marylebone Project serving homeless and vulnerable women in London is fully operational after its launch in September 2021 and providing a significant development in the services we offer.

The training resources and learning communities run by and accessed through Church Army are proving increasingly popular. We are at capacity in the Envoy programme and starting to develop bespoke versions of this for dioceses. The faith suite - Faith Pictures, Faith Shared and Faith Empowered are growing rapidly across UK & Ireland. We are also being approached from farther afield, into Canada and New Zealand, to offer these programmes on a digitally enabled basis.

Whilst our experience is of growth and opportunity, it is also of some degree of challenge. Emerging from pandemic constraints is an uneven process in itself. In addition, it is clear that the world has changed in notable ways. There is a widespread appetite for more flexible ways of working to which we are responding creatively. In common with many other organisations providing on the ground social benefits however, significant elements of our work are necessarily in person. Understanding how to develop our work creatively and sustainably is an ongoing challenge accentuated by a formidable economic environment. These developments are not unique to Church Army, but the pressures they create for charitable organisations are and will remain significant moving forwards.

Against this background, our experience of continuing growth is notable, and the backing of those who support our work with good wishes, funding and prayers a matter of celebration and gratitude. As I introduce this Report and Accounts, I am delighted to pay tribute to our staff, our supporters and the wider community of Church Army


Peter Rouch
Peter Rouch (Nov 24, 2022 20:05 GMT)

Peter Rouch, Chief Executive Officer

Church Army (The) Trustees' Annual Report (Including Directors' Report and Strategic Report) Year Ended 31 March 2022

The Trustees (who are also Directors of the charity for the purposes of the Companies Act) present their report and the audited financial statements of the charity for the year ended 31 March 2022, which are also prepared to meet the requirements for a directors' and strategic report and financial statements for Companies Act 2006 purposes. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the Annual Report and Financial Statements of the charity.

The Financial Statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland published in October 2019.

Who is Church Army?

Church Army is a mission-focused community of people who are transforming lives and neighbourhoods through the work of evangelists, staff and supporters. We are committed to sharing the Christian faith through words and action in a variety of contexts across the British Isles and Ireland. Our evangelists and staff work beyond church buildings among some of the most broken, rejected and hurting people in society. We are also committed to building new forms of Christian community to reach people who have little or no experience of church. Much of our frontline work is carried out through our centres of mission. A centre of mission is a community of evangelists working together to enable evangelism and mission across a host diocese. They have four key strands to them:

- Centres of mission seek to implement the Church Army strategy across the UK and Ireland.
- They are in strategic partnership with the host diocese.
- They develop fresh expressions of church for the unchurched.
- They resource and equip the church for evangelism.

We also carry out other frontline activities including *Xplore*, *the Marylebone Project*, *Cardiff Residential Services* and the *Amber Project*, all in fulfilment of our charitable objectives.

Our work includes:

- preventing homelessness and caring for those who have been homeless
- supporting women caught up in prostitution
- building community on housing estates
- helping people trapped in debt
- working with young people who are experiencing self-harm
- night-time street ministry
- chaplaincy
- local church ministry
- children and young people's ministry including school outreach
- working with people with drug and alcohol addictions
- bus projects to reach people where they live
- older people's ministry
- family breakdown prevention

Other key work includes:

- researching into evangelistic initiatives
- church planting and fresh expressions
- providing evangelism training and resources for the wider church

Our mission:

To enable people to come to a living faith in Jesus Christ and relieving poverty and distress.

Our vision:

For everyone everywhere to encounter God's love and be empowered to transform their communities through faith shared in words and action.

Our values:

- **Generous:** God is generous, and we want to model that generosity to others.
- **Risk-taking:** We have a long heritage as a pioneering movement, prepared to take risks and give colleagues permission to succeed or fail as they seek to do new things.
- **Accountable:** We are accountable to God and others, living reliably and responsibly to high professional standards.
- **Collaborative:** We are committed to partnership with those who share our values; we believe it enhances our work.
- **Expectant:** We are hopeful, expecting God to do new things amongst us.
- **Unconditional:** God loves everyone, and everyone is significant in His eyes; we will serve anyone regardless of their age, gender, race, sexuality, faith, ability, status or circumstances.
- **Prayerful:** Listening to God, being obedient to God; we want to be like Jesus in our life and witness.

Objectives and activities including achievements and performance

Our DARE strategy: doing, advocating, resourcing and enabling evangelism

The following sections of this Annual Report will look at each of the four DARE objectives and how we are fulfilling them.

**Church Army (The)
Trustees' Annual Report (Including Directors' Report and Strategic Report)
Year Ended 31 March 2022**

**Objective 1:
Doing Evangelism**

Centres of Mission

By 31 March 2022 we had grown to 34 Centres of Mission, up from 29 last year.

The following data was collected through our research and Recording the Journey on our Centres of Mission (CoM):

- CoM have interacted with over 23,000 people through organised activity over the course of the financial year. - The 'average' CoM has interacted with over 750 people (although this ranges from 27 to 2,903 people).
- 50% of those interacted with were children and young people under 18 years old.
- Most CoM are involved with food provision in some form and in total they have provided/distributed over 27,000 meals or boxes of food.
- CoM are also involved with providing other essential items such as sanitary products, clothing, baby items and pet supplies. In total they have provided/distributed over 3,500 items.

Signs of Faith

- CoM were involved in the baptisms of 40 children or adults.
- CoM were involved in 33 infant baptisms or thanksgivings.
- CoM report that approximately 230 people are actively exploring faith with them.
- CoM report that approximately 290 people are growing in their faith with them.

Faith commitments:

- CoM reported that they had seen approximately 100 people make faith commitments for the first time (46 of these people were at one CoM during a mission week).
- CoM also reported that they had seen approximately 40 people rediscover their faith or make a faith recommitment.
- 38% of CoM posted videos on social media that offered short devotional thoughts, reflections or similar. In total, these videos received over 51,000 views.

Volunteering

- There were 571 volunteers in total across all CoM.
- The 'average' CoM had 12 volunteers.
- 37% of volunteers are not regular church-goers

Our Gloucester Centre of Mission is based in Matson estate and is having significant impact within the area. One woman from the estate who comes from a troubled background was drawn into the café and social enterprise that Andy and Emma run in the estate. She then got involved with the social media aspect of the work from the Centre of Mission and has offered her time to help shape what Share Matson looks like for the future. She went on to say that *'Share Matson has sparked a kindle of flame within me through connections with Andy and Emma'*. She has now agreed to lead on the craft outreach for the Centre of Mission.

Gordon Banks is one of our highly experienced and retired Church Army Evangelists who keeps incredibly busy with prison fellowship, preaching and leading in his own parish Church and acting as Chair for 'Rural Mission Solutions'. Rural Mission Solutions seek to support struggling and small churches in rural contexts. They employ a few people in running away days and consultations for churches. Of course, for Gordon this is a way he can bring his over 30 years of experience to bear in growing the Kingdom of God in rural areas. Gordon also developed Sunday morning church through Zoom in the height of the Covid pandemic.

Missional Youth Church Network:

MYCN is a partnership set up by Church Army and the Archbishop of York's Office. MYCN also works with Fresh Expressions UK, Dioceses, Diocesan Youth advisors/missioners and Growing Faith Foundation. It's through partnerships, that they are able to create and sustain the development of new missional youth churches. There are currently 28 missional youth church projects with others on the periphery. Much of the work consists of bringing youth leaders and volunteers together for training, worship and learning from one another. Andy Milne and the MYCN team visit projects to both see and support the work and local teams. MYCN mentor youth leaders (often via Zoom) and work behind the scenes with Diocesan, Church Army or other key partners to help the missional work on the ground flourish among young people.

For more details and insight into the breadth and impact of our work please visit www.churcharmy.org where you can also access our **Impact Report**.

New Centres of Mission

Despite all the challenges of the past 12 months we have still managed to launch five new Centres of Mission in the 2021/2022 financial year. Two of these Centres of Mission are in England, two in Wales and one in the Republic of Ireland.

- North Sutton Centre of Mission was launched as our second centre of mission in Southwark diocese. This centre of mission is led by Tracey Marlow, with pioneer evangelists in Rachel Marlow and Hayley Humphreys.
- Suffolk Centre of Mission was launched with James Hawksworth and Gail Southgate as Pioneers and more recently Will Abbot as the Lead Evangelist. This centre of mission is in partnership with St Edmundsbury and Ipswich diocese.
- Gwent Valley Centre of Mission was launched in April 2021 and is in partnership with Monmouth diocese in South Wales. The Centre of Mission is led by Hannah Seal and Jenny Falcón Otero as the Pioneer Evangelist.
- North Coast of Wales Centre of Mission was launched in early 2022 and this is our second Centre of Mission in the diocese of St Asaph. We are waiting to appoint a Pioneer Evangelist to work in this Centre of Mission.
- Cork Centre of Mission was launched in November 2021. This is a partnership with Cork diocese and the local parishes. Matt Gould is the lead evangelist, and the role of Pioneer Evangelist is vacant at this time.

In launching new centres of mission, we appoint a Lead Evangelist, later appointing a Pioneer Evangelist with unique skills to work with the Lead Evangelist to identify and break into the needs of the area.

Where are we doing evangelism Activities in England, Ireland, Scotland and Wales

- We currently have 230 commissioned Evangelists in the UK and Ireland (not all of these are employed by Church Army).
- In England we have 186 commissioned Evangelists and 18 Centres of Mission in Attercliffe and Darnall (Sheffield), Gloucester, Langley, Liverpool, Scunthorpe, Sheffield (Chocolate Box), Blackpool, Bradford (Sorted), Leeds, Middlesbrough, Rochdale, Selby, Suffolk, Greenwich, Hackney, Kings Lynn, Medway and Southampton.
- In Wales we have 12 commissioned evangelists and 7 Centres of Mission in Cross Hands, Haverfordwest, Llandaff, Llanelli, Gwent Valley, North Coast of Wales and Wrexham (formerly St Asaph).
- In Scotland we have 5 commissioned evangelists and 4 Centres of Mission in Argyll & The Isles, Central Fife, Dundee and the Edinburgh (A7 Centres of Mission).
- In Ireland we have 27 commissioned evangelists; 20 in Northern Ireland and seven in the Republic of Ireland. We have 5 Centres of Mission in Ireland in Ballina, Drumcliffe, Cork, Newry and North Belfast. North Belfast partners with the charities Baby Basics and Transforming Lives for Good. Church Army is also registered with the Charities Regulator Authority in the Republic of Ireland.

Church Army (The)
Trustees' Annual Report (Including Directors' Report and Strategic Report)
Year Ended 31 March 2022

- In addition to the evangelists recorded above, one Church Army evangelist works within the Diocese of Europe and 175 are retired from stipendiary ministry, although many are still active in their local churches and communities.

Suzette Maguire - Church Army Evangelist

The life of a Church Army Evangelist is one of being led by God into new areas of pioneering ministry, actively searching for opportunities to tell people about Jesus, and adapting to needs as they arise. Suzette Maguire has been part of Church Army for over 20 years and during her time as an evangelist, Suzette has made it her goal to seek God's Kingdom before all else. Here's a brief insight into her story:

"I was confirmed in my home parish of Sheffield Manor in 1991. In 1993 I moved to Maidenhead, Berkshire, to work as a newly trained NNEB nursery nurse, in a nursery class in an infant school. While living and working in Maidenhead I completed three summer mission trips abroad with an organisation called International Teams. During the first of these mission trips to Croatia I felt the call to 'accept God's challenge' and look at what else He was calling me to. This led me to Church Army in 1997. After the selection process, I began training in 1998.

I was admitted and commissioned as a Church Army Evangelist in July 2001. My first post was in the Parish of Sheffield Manor, then a parish of four churches, including St. Aidan's. The new role of 'Team Evangelist' grew into a lot of family and children's work, including links with two primary schools, training up a team to work on all age services, and very close work with baptism families. Eventually I set up 'Manna Munchers', weekly church for under 5's and their carers. In 2010, my husband David, who is also a Church Army Evangelist, and I were both appointed to the post of Lead Evangelist for the Newcastle Centre of Mission. We worked as community ministers in a coffee shop setup by the local church. We set up a coffee shop called Coffee Plus, and we also ran groups like: Knit & Natter; book groups; 'Chill-out zone'; and a Christian discussion evening called 'Table'.

In 2015 David and I were job-sharing again, this time as Pioneer Ministers in St. Alban's Diocese, working specifically on new estates to the west of Bedford. This was very hard going, as the population of the new estates proved to be fluid, making it difficult to build long-term relationships.

In November 2019, we moved to Solihull, where I am Pioneer Minister to Solihull Parish. My focus is on those with no, or very little church connection; to discern points of need within the community and to explore creative and innovative ways in which to ensure a "church" presence within the community and at existing community events.

Less than four months into post we were hit by COVID and so much shut down. I did a lot of prayer-walking during this time, chatting with people as I met them in the streets. This allowed me to notice the mood of the area around me. I sensed there was a need for somewhere to 'be', to connect, and to look to their own welfares, so we started Wellbeing Wednesdays which began in May 2021, and has met every Wednesday since then. The group is both male and female, and everyone is very supportive to one another. We set up Wellbeing Wednesday in conjunction with the Kitchen coffee shop, which opened in July 2020 as the first lockdown was coming to an end. As relationships began to grow at Wellbeing Wednesday, I began to run an occasional 'Pause': a quiet morning or afternoon for both non-Christians and Christians. Two of the Wednesday group who are non-Christians have come along and experienced 'Pause' so far.

My biggest joy in ministry is seeing an individual grow in their faith journey, whether that be a Christian finding a new revelation that they hadn't seen before, or a non-Christian beginning to realise for the first time that they are loved. Being alongside people as they take these steps though sometimes baby steps - is a privilege."

Marylebone Project

This past year saw more changes and the need for the Project to re-adapt to a normal way of life, albeit a different kind of normal as the Government announced changes in the response needed to the ongoing COVID-19 pandemic. This new normal required us to continue to focus on the safety of all, staff and service users, and also ease our way back gradually to having more face to face contact with the women, more group activities and restarting our wider support activities, without losing sight of the fact that many of the

Church Army (The)
Trustees' Annual Report (Including Directors' Report and Strategic Report)
Year Ended 31 March 2022

women we serve have reached a crisis point in their life due to experiencing domestic abuse, mental health issues and/or substance abuse issues etc.

Structured face to face support sessions have been taking place, which has provided such important reassurance to some women, as we are still needed to be that place of haven, safety and peace and to provide day to day support, which is service user led and responsive to the needs of the women working towards a positive future of independence.

The safety measures of improved cleaning regime, hand sanitiser being available in all areas, personal protective equipment (PPE) being available to all, redesigning of office/meeting spaces, protective screens being installed, and onsite testing twice weekly for all staff and women, has become normal practice and will remain in place going forward. Since the very start of the pandemic, these measures proved to be effective in managing the impact of COVID-19 in that none of our women have died and very few experienced suspected or confirmed symptoms. We continued to work in partnership with the local authority and health service in safely managing suspected and confirmed cases.

Despite all these measures, it does not mean that our women are free from illness, ill health or life-threatening issues. Sadly, we experienced the death of one of our women on 14 February 2021 from Chronic Obstructive Pulmonary Disease (COPD). It is reported that the life expectancy for women who have a history of rough sleeping is 43 years old and, although we all appreciate the vulnerable health of our women, it is still emotionally tough when we experience deaths amongst our women.

Drop-in centre - 'the Sanctuary'

Our full range of activities restarted in September 2020, initially with limited activities and group numbers, for Covid safety, and a gradual transition to returning to the full range of activities and no limit on group numbers. This programme has now returned to full capacity. Our service users adapted to returning to this new normal really well and have been excited to participate in the range of activities being delivered. The online activities of keep fit sessions, Yoga, dance, and films that the women can download remain in place as this gives a variety of methods for the women to engage; this is especially important for those women whose anxiety remains acute.

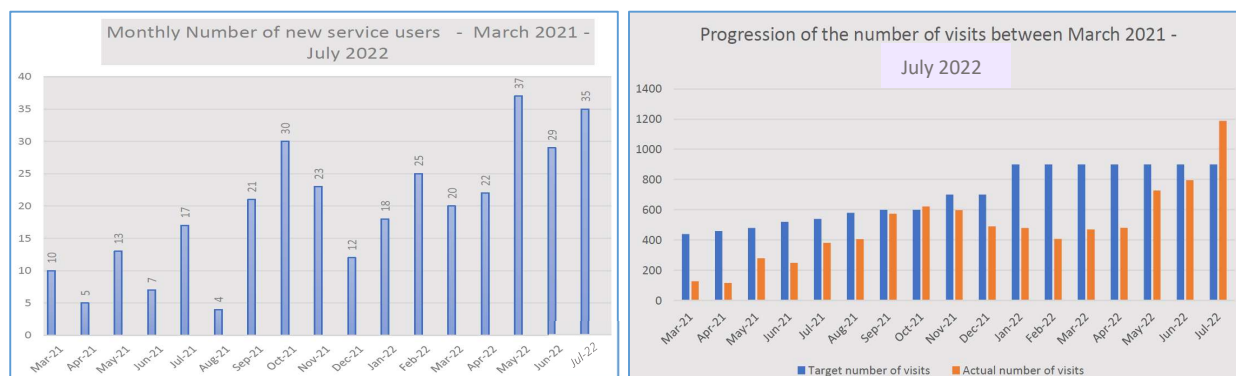
Following the reopening of the newly refurbished and renamed Sanctuary drop in in March 2021, we progressed as planned to opening 24 hours a day 365 days a year from 6 September 2021 and had an official launch of **The Sanctuary** on 8 November 2021. The launch was a huge success and was attended by special guests who included our funders and supporters, Hannah Bernard from Barclays and our Patron Ellie Goulding. Service users boldly spoke about the impact of the service, one service user who had accessed the Sanctuary at 2am, testified about the support she had received from the Advice workers, and stated that the Marylebone Project should own the entire street!

Naga Munchetty broadcast BBC Radio Five Live from the Marylebone Project and the Sanctuary on 30 November 2021 including interviews with staff and service users raising awareness of the issues facing homeless women and the support provided by Marylebone. The broadcast was also a catalyst for a new major donor supporting the project.

Since opening 24-7, we have conducted regular reviews in response to the needs of the women, ensuring that the service provided meets the needs of this specific rough sleeping group and we will continue to review this service going forward to ensure that it is the best service that it can be for the women it serves.

Numbers of visits grew following the launch but dropped back slightly in the spring but have hit record levels in recent months with almost 1,200 visits in July 2022 (see graphs below).

Church Army (The) Trustees' Annual Report (Including Directors' Report and Strategic Report) Year Ended 31 March 2022



Enabling moves to independence

Every year we set ourselves a challenge to support as many women as possible into moving into independent living and last year we were able to resettle 95 women into independent living. This was partly due to the local authority making a greater number of properties available so that our vacant bed spaces could then be made available to those women who were supported from moving from rough sleeping. During this current year, 2021 -2022, there has not been the same availability from the local authority and Housing Associations and we were still within movement restrictions related to the pandemic. However, we were still able to assist 36 women into moving into independent accommodation. With the planned removal of further Covid restrictions, we will be able to move on a greater number of women in the coming year and be back up to our target of 50.

Our five-year Big Lottery funding came to an end in July 2021 and during that funding period we achieved a 100% record of women who have been resettled into independent living having maintained their tenancy and accommodation. With the ending of this funding, we needed to change how we are able to support the women living in the community, whilst also bearing in mind that the five-year 100% success record was due to the staff team and their commitment, compassion and support for the women. As such, our Resettlement Workers now support all women who have moved into independent living for a period of three months and then the women can contact the Project for any further support they may need. This provides consistency of support and the reassurance that there is someone available to help in times of further need or crisis.

Social Enterprise

In November 2021 we employed a Social Enterprise Administrator to work at restarting the Social Enterprise of Space and Munch and rebuilding the client base. In February 2022, specific business targets were agreed for the Social Enterprise and the Administrator is working hard to achieve the targets set.

Reach and Impact

Overall during the year the Marylebone Project provided:

- 39,000 nights of accommodation offering shelter, hope, safety and support to women who would otherwise have remained on the streets or in situations detrimental to their well-being
- 25 beds to women with complex needs
- support to 546 women who visited the Sanctuary Centre, 195 of whom were first-time visitors,
- 4,914 individual activity sessions in 50 different areas/subjects,
- achieved a 95% occupancy rate of our four emergency beds
- supported 62 women in engaging with our Women into Work programme,
- supported 45 women in engaging in volunteering
- supported 34 women in engaging with accredited courses,
- restarted the social enterprise of Space, developed numerous new partnerships and welcomed visitors for the launch of The Sanctuary.

Although we have been able to make great developments and achievements challenges still remain within securing long term staff and staff retention and financial sustainability. Despite the challenges and changes, the staff team continue to be committed in offering their skills and specialist support to address the variety of challenges and demands so that the women's lives can be transformed.

Rose's story*

Rose found herself street homeless after her housemate became physically abusive towards her. Rose was being attacked by another individual who she shared communal areas within her shared accommodation. Rose attended the Sanctuary with bruises on her arms and chests, she was completely traumatised by the abuse she had encountered and asked for help with finding housing and with reporting the incident to the police. Our advice workers supported Rose to attend the hospital, look for alternative housing and advocated on her behalf to Social Services and the Police. Whilst we were supporting Rose, she benefited from using our brand-new showering and laundry facilities and she took part in our knitting and meditation classes.

Rose was ecstatic that the Sanctuary was a 24-hour service as she planned to stay at the haven of the Sanctuary whilst staff supported her to find housing. This prevented Rose from experiencing further abuse.

"You have no idea how much this means to me. I can stay here and feel safe, I do not have to live in fear anymore. You literally saved my life! This place is very nice, and I do not have to worry or hide away in my room. I am thankful to you and to God" ***name changed to protect identity**

Financial Sustainability for the Sanctuary

Having invested in refurbishing the drop-in centre to create the Sanctuary we were delighted to receive a grant of £473k from Barclays via the London Evening Standard / London Community Foundation to fund the first year's costs of operating the Sanctuary 24 hours a day - we are now working on the challenge of fundraising to sustain this life-saving service for the hundreds of women accessing it.

For more information or to make a donation please visit <https://www.maryleboneproject.org.uk>

Church Army Ty Bronna

During the year key achievements at Church Army Ty Bronna included:

- 4,684 nights of accommodation provided to homeless young people in Cardiff at Ty Bronna.
- 36 young people received support and accommodation - of which 23 were new referrals to Ty Bronna.
- 23 young people moved out of Ty Bronna.
- 8 young people moved out of Ty Bronna and into long-term independent living accommodation (Council/Housing Association).
- 7 young people moved out of Ty Bronna into training accommodation, managed by Cardiff Young Peoples Supported Accommodation Partnership - (Church Army Visiting Support/The Foyer/Dispersed Flats).
- 8 young people made neutral moves (due to needing to be transferred into alternative supported/housing placements, depending on their needs.) (i.e. detained under the Mental Health Act 1983 in a secure unit, transferred into a women's refuge and/or transferred into alternative supported housing accommodation for young people).

After young people have a positive move-on plan established and are deemed ready for independent living at Ty Bronna; they can then be referred into the Church Army Visiting Support Service (CAVS). This service provides outreach and tenancy related support to young people living independently in the community. Young people are secured either visiting support accommodation or floating support accommodation when transitioning from Ty Bronna. Visiting support accommodation consists of 6 self-contained flats that serve as training flats for young people, before they are referred into permanent accommodation. These 6 visiting support flats offer more intense support to young people, who although have the necessary skills to live alone, may not be able to sustain a tenancy agreement at that time and are instead offered a licence agreement. Since the start of Cardiff Young Peoples Supported Accommodation Partnership in 2019, we have accepted 27 young people into visiting support accommodation, of which 24 young people have made a positive move-on into long-term council/housing association accommodation successfully.

CAVS also provides floating support to young people who are deemed ready to hold their own tenancy agreement and be referred straight into long-term council/housing association accommodation. CAVS provides these young people with tenancy related and outreach support for up to 2 years. As this 2-year anniversary approaches it is predicted that the support relationship between young people and CAVS naturally comes to an end and where young people feel ready to live completely independently.

Church Army (The) Trustees' Annual Report (Including Directors' Report and Strategic Report) Year Ended 31 March 2022

Since 2019 15 young people have successfully engaged in this resettlement programme and are now living completely independent in their own permanent homes.

Ty Bronna and CAVS are only one entity who provide support to homeless young people in Cardiff. As well as Church Army, The Salvation Army and Taff Housing Association together comprise Cardiff Young Persons Supported Housing Accommodation Partnership. This partnership typically supports 106 young people in four supported housing projects. All four projects are then responsible in securing young people independent living accommodation within the community and transitioning them to an outreach support service. This new partnership working alongside Cardiff County Council started on 13th May 2019 and between this time and 9th September 2022 the partnership supported a total of 398 young people. In this time 96 young people moved out of Ty Bronna and into a variety of independent living environments; 18 of these were housed within our CAVS accommodation, 12 were housed straight into long-term council/housing association accommodation, 1 in private rented accommodation and 1 young person who resides in student halls accommodation. Consequently, 14 young people have succeeded in maintaining their own council/housing association tenancies for over 2 years.

A Project serving vulnerable women in South Yorkshire

As a team they work with vulnerable women in a trauma informed way to build a relationship of trust, to help fight with them for their ultimate freedom from chaotic lifestyles, drug addiction and abuse. As we seek to achieve the long-term goal of social justice for the women, we work with patience and hope, within realistic expectations of what changes are possible. Our staff team is relatively small (1 full time worker and 3 part time) with a few dedicated volunteers and we actively support around 35 women at any one time. Our non-residential 'House Drop-in' provides a safe space to access, to experience respite from a chaotic and risky lifestyle. Here we offer shower and washing facilities and access to a washing machine. We provide a clothes bank, toiletries and basic homeware. The house is also a sanctuary - a place to explore faith, receive prayer and enjoy fellowship. As a team we also do street outreach to make contact with women - the women we minister to find it very challenging to engage in a lot of services so we try and be as flexible as possible and remove as many barriers to help engagement.

We offer food parcels: light food parcels (for women with temporary accommodation); snack bags (for women who have no stable/ safe accommodation); and during lockdown we offered recipe boxes for our more stable women in the community to help them learn how to cook nutritious meals. One of the women has helped us to design and develop a fellowship group. 4 women have begun to attend it. To keep perspective in a challenging environment, we actively celebrate special occasions with the women - such as birthdays and Christmas.

Our project is women centred - this means they have a choice. So many of the situations they are in, they feel like they don't have choice. When they come to us, we aim to be responsive to what the women want help and support for and to encourage and empower them to make steps towards these aims: this could be faith, health, housing, addiction or safety focused. Female staff and volunteers actively support vulnerable women with complex needs. We aim to bring about sustained improvements to their mental and physical health and well-being, to enable them to choose a safer, more stable and independent life. To offer non-judgemental and unconditional love to promote belief in positive change in their lives. We aim to meet physical, emotional and spiritual needs. We do this through in-community support, a drop-in centre and outreach.

Jackie's story*

"I was assaulted last night at where I live so I ended up walking the streets all night. No money, no phone - I only have what I am standing in, I can't go back to get my stuff. I was waiting for it to get light because I knew I could go to the drop-in, they would help me. I was greeted and went into the warm. I knew I would get a hot drink and some food. I was bundled in blankets and was able to get it off my chest what had happened last night as I tried to make sense of it. Over the next 2 days they helped me - report to police and sort out temporary accommodation."

*Name changed to protect identity

**Church Army (The)
Trustees' Annual Report (Including Directors' Report and Strategic Report)
Year Ended 31 March 2022**

The Amber Project

As The Amber Project prepares to celebrate its 20th birthday we are reflecting on what has undoubtedly been our most challenging year to date. One of the unfortunate legacies of Covid is what has been termed 'a post pandemic mental health tsunami' which has led to significant rise in young people referring to the project with issues around self-harm.

Prior to COVID the wait for an initial meeting with the project was just 21 days, at present this has increased to an estimated 20 weeks, with currently more than 200 young people on the waiting list to access the project.

Young people are presenting with increasingly complex issues which in turn impacts on the degree of support they need, the project works by offering young people safe space, a community within which they can gradually develop skills that they will continue to use long after they have left the project. This is reflected in an e-mail from a young person who had accessed the project some years ago, she writes:

.... I was very suicidal when I was referred, deep in self harm and bulimia, struggling with keeping the secret that I had been groomed online a few years earlier. I wasn't seen as worth anyone's time. CAMHS said I didn't have any problems, the school just shouted at me for self-harming in the toilets, my family didn't understand and made me feel alone, and I lost all my friends. I was the weird girl that cut herself. And I was hiding such deep pain. So much self-hatred. The Amber project gave me a place to connect with others. I was accepted. Cared for. Included. I will forever be grateful for that. I really do believe it saved my life. (shared with consent).

While a worker who referred a young person to the Constellation element of the project wrote of a conversation with the young person's mother:

....We shared our praise of what you guys do at providing a safe, secure, emotionally comfortable, positive, stimulating and totally accepting environment for teens and into adulthood. You are so good in enabling an environment like NO other, where young people can be totally themselves with no limits, boundaries nor judgement.long may the facility remain to change/improve the emotional wellbeing and physical safety; (including safety from themselves), of these often forgotten young people.

Objective 2: Advocating Evangelism

Many in-person church activities continued to be curtailed or restricted as churches seemed to be cautious opening up as the COVID pandemic eased. Opportunities for evangelists to speak to about their work in their own local area began to be reported, although there were few churches accepting a speaker arranged nationally. A small number did take place and the coming year looks more promising with dates in the diary.

Our online activity continued to develop and engage people who were hesitant about face-to-face contact.

Cuppa with a Key Worker continued as a monthly online focus of our frontline projects. Streamed on Facebook, Youtube, Twitter and our website, this provided an interactive opportunity for supporters to hear about our work and ask questions. The reach varied but a large number of views after the streams were recorded.

In April 2021 we launched our new website to provide a better user experience and more logical order of content. This has been very well received and has continued to be developed with a new online material including stories and features on our work, and a new online payment system (which is being refined). During the year we saw a total of 153,637 page views from the site through just over 49,000 session and nearly 41,000 users.

The work of our communications team constitutes a huge part of how we advocate evangelism. This is through not just printed material but online videos, websites, social media and other electronic communications. We continued with all of our existing channels of telling the stories of changed lives, of people being helped, of the enormous variety of work Church Army deliver, and we added new opportunities for people to directly engage with us through comment and online discussion. Locally based evangelists

Church Army (The)
Trustees' Annual Report (Including Directors' Report and Strategic Report)
Year Ended 31 March 2022

have also taken up the challenge and are using more online engagement to talk with people about their work, including many of our front-line funded projects.

Our Advent campaign ran again in 2021 and 111 people signed up to use “Neighbourly at Christmas” in their church groups or personally over the four weeks of Advent.

Lent 2022 saw just under 6,000 emails sent out profiling the new Lent Card pack with an engagement rate of just under 65%. These were a collection of cards each of which focused on a biblical character, a reflection, our work, and a call to action.

Our social media following continues to grow and we are mainly engaging with people through Facebook, Twitter and Instagram. Key stats showing our reach on social media during the year to 31 March 2022 were:

Platform	Content	Reach	Reactions (Likes & Comments)	Shares/ Retweets	Click- Throughs	New Followers
Facebook	Church Army	716,997	799	1,488	14,468	184
Facebook	CA (Paid Ads)	288,546	953	81	2,761	
Twitter	Church Army	1,096,563	8,229	918	1,381	209
Instagram	Church Army	16,242	5,335		454	214
Facebook	Centres of mission	346,220				1,320
Instagram	Centres of mission	170				27
Facebook	Key Projects	33,826				205
Twitter	Key Projects	73,890				104
Instagram	Key Projects	9,926				477
Totals		2,582,380	15,316	2,487	19,064	2,740

Having been impacted by COVID restriction, we plan to resume filming our projects and releasing new video stories of our work in the coming year.

Inspiring church leaders

Advocating evangelism to church leaders is a crucial part of our DARE strategy. In previous years our Senior Leadership, Research and Training teams have been involved in speaking at numerous events in the United Kingdom and Ireland, including engagements at conferences, theological colleges and diocesan events. Many events were cancelled during the year due to COVID-19 but Church Army staff presented at several online events as these emerged during the year.

Encouraging the wider church: Church Army speaking engagements

Encouraging churches in evangelism and inspiring them about our work is achieved through regular speaking engagements by our evangelists nationwide. These are both on Sunday morning services and events held during the week. In a typical year we will average approximately 100 speaking engagements. Last year was very different due to the closure of church buildings during the COVID-19 pandemic and gradual re-opening during the year. Some churches continued to operate via online services and a small number welcomed our evangelists to speak about our work via Zoom.

Objective 3: Resourcing Evangelism

Resources and Leadership Development

In April 2021 we launched the Faith Suite of resources, designed to enable Christians and churches at different stages of their faith journey, or at different organisational levels of church life, to engage with ideas around faith sharing. The suite includes:

Church Army (The) Trustees' Annual Report (Including Directors' Report and Strategic Report) Year Ended 31 March 2022

- Faith Pictures, an update of the previous version using the same topics and overall structure to help Christians talk naturally about faith with friends and neighbours. The update had a new session structure and media to support learners on their journey. For more information see [here](#).
- Faith Shared, based on adaptations of Stepping Into Evangelism by CA Evangelists. This is focused on helping churches think about how they reach out to their local communities and invite others to become part of their life. For more information see [here](#).
- Faith Empowered, based on a resource developed with the Diocese of Edmundsbury and Ipswich. This develops local lay evangelists to work as leaders in evangelism in a parish setting. In April 2021 we appointed a Faith Empowered Development Officer to promote the resource to dioceses and support them in their take up of it.

Alongside this core suite, we developed three versions of a resource to help support those suffering loss through the pandemic. Developed through the expertise of members of the Church Army Mission Community, *Death, Grief, and Hope*, was adapted to different audiences to take into account their particular experiences and challenges through the pandemic. These audiences were:

- Young people
- Older people
- Prisoners

The resource was accepted well by practitioners in those areas, and despite being a time-limited resource, opened opportunities for further working on the development of specific resources for specific audiences. This included the development of Faith Pictures for prisons, working with the limitations present in prisons to ensure that participants could still fully participate in exploring God's presence in their lives.

In preparation for Lent 2022 we have worked collaboratively across national teams to pull together a Lent resource to help individuals engage with the work of Church Army, our free resources, and the Marks of Mission, to resource them in evangelism in their everyday lives through Lent. We are excited to see the impact of this, and to learn from this for future seasonal resources.

Leadership Development

LEAD is Church Army's online leadership development resource for growing leaders.

In September 2021 we offered LEAD to all our newly commissioned evangelists and experienced LEAD evangelists and began offering a rolling programme of LEAD modules.

LEAD online learning portal and website was officially launched in April 2022. As part of this launch significant preparation has taken place to prepare for extending our offer from Evangelists to all national office staff, Project staff and CAMC members.

The Research Unit

The Research Unit continues to resource evangelism, working to show how God is active in mission and increase understanding in why churches' participation may falter or flourish. This is done by conducting excellent and innovative research and consultancy whilst growing the team's network and partnerships with churches and diocese across the British Isles and Ireland.

For more information, please visit www.churcharmy.org/research

During the year, the Research Unit have completed various projects, including:

- Zoomed Out? Church of England Experiences of Distanced Church Amidst COVID-19
- Mission in a Pandemic - How Church Army Centres of Mission responded to COVID-19
- Pioneering in Portsmouth - Evaluating the Diocese of Portsmouth's Pioneer Project
- 'Good News for Young People?' Report on mission and ministry to children, youth and young families in the Diocese of St David's, Church in Wales
- Evaluation of the Diocese of Sheffield's Centenary Project

Church Army (The) Trustees' Annual Report (Including Directors' Report and Strategic Report) Year Ended 31 March 2022

During the year, the team have continued to carry out internal research for Church Army through *Recording the Journey*, a project which gathers statistics and stories from centres of mission. Key headlines from 2021/22 are as follows:

- Each CoM engaged with an average of 750 people
- 50% of them are aged under 18
- An average CoM provides 59 hours of organised activity every month
- Most CoM are involved with food provision in some form and in total they have provided/distributed over 27,000 meals or boxes of food.
- Over 570 people volunteer across our CoM
- 37% of them are not regular church-goers

The Wilson Carlile Centre (WCC)

The Wilson Carlile Centre in Sheffield has been the home of Church Army for the past ten years. Located in the heart of the city, the building is a modern looking, multi-purpose centre offering: a café; a theological library; 30 en-suite bedrooms; a spacious three-bedroom apartment; day and residential conference facilities; a chapel; garden and city centre parking.

Highlights from the last 12 months include:

Accommodation:

- Having been closed for much of the last 2 years due to Covid restrictions it was encouraging to see record levels of bookings in March 2022 and record bookings have continued in May, June and July in the new financial year.
- Maintaining high guest scores and excellent reviews on booking.com (currently 8.3) despite the challenges.

Conference & Catering

- There has been a slow return to events and conferencing, with more bookings for April 2022 onwards which will reflect in the next financial year.
- Similarly plans are being made for more internal Church Army events during 2022.

Café

- This has seen a gradual increase in sales as the public has returned to Sheffield City Centre, the increased use of our Accommodation and as more staff have been working from the offices, with more growth expected during 2022.

To find out more, visit www.wilsoncarlilecentre.org.uk

Flexible working

Our National support staff based in the WCC offices all moved to working from home in March 2020 as the pandemic hit and like many organisations we have been on an evolving journey as we have developed our approach to flexible working as Covid restrictions were eased.

New ways of working have been embraced, but we have also recognised the significant benefits of in person working for collaboration and expression of our community and values as the home of Church Army. Building community and developing culture have been at the heart of our discussions as we've continued to navigate the next steps of our journey in this area.

Objective 4: Enabling Evangelism

Training Programme

Training is a key part of our DARE strategy, enabling more people to be resourced and equipped as CA evangelists. At the end of March 2022, we had 26 evangelists in training to be commissioned and 1 diocesan sponsored candidate. The Sept 2021 entry of new EiTs numbered 7. The Sept 2022 entry will number 14. In July 2022 we commissioned 4 new Evangelists. For July 2023 we anticipate that 14 will be commissioned. Alongside this we have started planning to train Church of Ireland pioneers from September 2023. Currently CA Training is characterised by the phrase 'onwards and upwards'.

Church Army (The) Trustees' Annual Report (Including Directors' Report and Strategic Report) Year Ended 31 March 2022

Envoy

Envoy is a new approach to evangelism using coaching in community to give participants the opportunity to form a way of evangelism that is authentic to them and applicable in their context.

More details about Envoy and the impact that it is having can be seen on the website: <https://www.envoy.website/welcome-to-envoy>

Envoy is changing lives and churches. Tanya one member of Envoy Community said that Envoy had made her realise that her ministry was outside the church walls. She's started a coffee morning in the community centre for "meaningful conversations" with people from her local community. She got some funding to offer them a light lunch. The first one four people came. She also wants to start an after-school club in the community centre but knows that's a longer journey. This is in an estate with high unemployment and many single-parent families. She and her fellow Envoy participants have been going out to find new people on her estate and have led a steady stream of people to Christ.

Ben very literally put Envoy principles into practice and started a football team to meet men and have a space to witness to them. He has seen several of them through the journey to Christ, baptism and connecting them to the local church. Donna and Pete, with a team designated to be the church planting team in a deprived housing area, used Envoy to prepare and develop a strategy for connecting with local people and to find a way of evangelism that would work for them. They have gone on to begin the church plant. Our Envoy communities have about six people in each.

This year we have 16 communities, and while not in all, most are seeing people come to know Christ by applying the principles they are learning in Envoy and then seeing them connected to the local church, including new worshipping communities.

We are excited about the work of Envoy across the UK and Ireland. Church Army rebranded Envoy as the evolution and merging of 10 years of coaching in evangelism (we already have over 80 members), which is a stunning development. The Envoy community remains committed to equipping the church to share the good news of Christ effectively. An Envoy member said these words:

'Envoy gave me an opportunity to discover the breadth of evangelism. To recognise that there is not a 'one size fits all model'

Mission Community

The Church Army Mission Community was established over 10 years ago and continues to develop and understand its identity. During the past year the Church Army Mission Community has continued to grow in number and activity. The small 'clusters' of evangelists and supporters meeting together to encourage each other, learn more, and pray for the work of Church Army have established new patterns of meeting after the disruption of the pandemic. A new programme of 'Discovery Days' and 'Discovery Evenings' has ensured a steady flow of new members to the community and the work of Church Army being profiled to a wider audience. The Church Army Mission Community continues to support and uphold all the people and work of Church Army in prayer.

Public benefit statement

The Trustees have considered the Charity Commission guidance on public benefit and are satisfied that both the aims of the Society and what it delivers meet the public benefit test.

Church Army meets the criteria through:

- the advancement of the Christian religion
- provision of services for homeless people
- its youth and community work

Church Army does not discriminate between those who profess a Christian faith and those of no faith. Our work is open to those of all faiths and no faith. Examples of how we do this can be found on pages 4 to 17.

Objectives for the coming year

Many of these objectives build on the success of the last year. We have already started working on reaching these objectives in the year ahead.

Doing evangelism

- We will continue to explore exciting new developments in evangelism and social action through our centres of mission, projects, partnerships and opportunities provided through other organisations.
- Further develop the initiatives of Xplore and Reunion as ways of releasing over 100 people in evangelism in their context.
- We will continue to work with other partners to establish a further 6 new centres of mission.
- To develop new Missional Youth Churches across the northern Province through our partnership with the Archbishop of York's office and the Archbishop of York's Youth Trust.
- We will continue to demonstrate God's love unconditionally to all, particularly through our work in communities, with the homeless and with vulnerable people.

Measures

- Evidenced by our impact on communities, growing of new Christian communities and stories of changed lives.
- The effectiveness of our partnerships to set up new centres of mission in areas where need is identified.
- The effectiveness of the support we offer to vulnerable people in their existing situations to gain the skills and confidence to move into the next stage of independent living, maintain tenancies, deal with ongoing issues and fulfil their potential.
- The provision of accommodation for those who are homeless and through the increase in the numbers of people we are able to move towards independent living.

Advocating evangelism

- We will continue to challenge and inspire individuals and the church to reach out to their communities, sharing their faith through words and action.
- Our Research Unit, working in partnership with others, will continue to challenge and resource the wider church in its mission through research projects and publications on online church, pioneering, urban estates leadership and other topics.
- We will continue to advocate evangelism through the development of media opportunities.
- We will create resources that encourage individuals and churches to undertake evangelism.

Measures

- Increased number of strategic opportunities to inspire leaders in mission and the number of invitations from dioceses to help them in their evangelism.
- Numbers of completed research projects on mission and evangelism.
- Strategically working with partners to influence positive change in the church.
- In the number of speaking engagements, which offer the opportunity to promote evangelism and the work we do.
- Increased press and media opportunities and engagement with our social media presence.
- The number of people exploring evangelism through our resources.

Resourcing evangelism

- Through delivering a digital strategy that will help us communicate better, training greater numbers and increase our reach.
- We will continue to develop LEAD to resource leaders and the wider church in mission.
- By continuing to develop new evangelism resources, both on our own and in partnership with others, for the wider church to get involved in evangelism.
- Through our partnerships with other Christian organisations, where together we can add value to each other's work.
- Through the evidence-based research, which assists the wider church to look strategically at new ways of being Christian community.
- We will run lifelong learning events to resource and refresh our evangelists' skills in evangelism.
- We will seek to increase the numbers of people engaging with the Church Army Mission Community.

Measures

- The success of the above through the uptake of our resources.
- The increasing numbers engaging with LEAD resources both within Mission community and diocese we work with.
- Increased capacity for delivering LEAD action learning groups.
- Pilot LEAD within a diocese and within a diverse national office team.
- Increase the additional LEAD modules available.
- The number of training opportunities and the impact of our research and partnerships.
- The numbers in our training programmes, both local and national.
- The number of enquiries and applications made to the Mission Community.

Enabling evangelism

- Through increased numbers of lay people being trained and resourced by our frontline evangelists and national training staff for evangelism in their local contexts.
- Through increasing the number of participants on our Xplore programme for 18 to 30 year olds.
- By offering volunteering opportunities in our centres of mission and helping volunteers engage with the Church Army Mission Community.
- Through the increase in numbers of people training through our commissioned pathway.
- Through developing training relationships with dioceses and national churches across the UK and Ireland.
- We will begin delivering our new volunteering strategy, which will support and better equip existing volunteers and work toward doubling the number of those who volunteer with us.

Measures

- The uptake of our volunteering, Reunion and Xplore opportunities.
- The number of churches that use our resources as a stepping stone for their own programmes.
- The success of our training programmes in enabling those who complete it to engage more effectively in reaching out to their communities.
- Increased numbers of people training for our commissioned pathway, including more people from regional churches across the UK and Ireland.
- Increased number of people sponsored for training by dioceses and churches across the UK and Ireland.

Church Army (The)
Trustees' Annual Report (Including Directors' Report and Strategic Report)
Year Ended 31 March 2022

- Number of formal or informal training partnerships with dioceses and churches across the UK and Ireland.

Financial review

The review below covers the financial position for the year from 1 April 2021 to 31 March 2022. The COVID-19 pandemic continued to impact the costs of our frontline work and our trading activity which is reflected in the results for the year to 31 March 2022. In the last few months of the financial year, as the restrictions were lifted there were the first signs of a return to pre-pandemic patterns.

We started the year planning for an operating deficit, greater than the operating deficit in the previous year. The operating deficit of £2.3m was more than planned and almost double that of the previous year, driven by a £0.3m increase in income and £1.1m additional costs. Substantial gains on investments and very favourable reductions in the long term liability on the defined benefit pension plans turned the operating deficit into an overall surplus of £494k (2021: £363k).

Income - total income remained at a similar level to the previous year at £6.373m (2020: £6.348m).

Donations - rose to £2.406m (2021: £2.057m), driven by receipt of £373k, being a portion of a £473k one-year grant from Barclays / Evening Standard / London Community Foundation to enable the new Sanctuary, our new 24 hour a day drop-in centre at our Marylebone homeless project, to set up and run for the first year. Excluding this grant, overall donation income remained similar to the previous year.

Legacies - income dipped to just £428k (2021: £728k), well below the average of recent years. This income stream continues to reflect Church Army's historic connections; a rich heritage and blessing which has clearly left a mark on people's lives but we recognise timing of receipts remains outside of our control.

Income from our partners for Charitable Activities - increased slightly to £2.785m (2021: £2.68m). This includes increased contributions from dioceses as we opened new Centres of Mission £712k (2021: 650k), and rental income at our Housing projects which rose £61k to £1.543m.

Research income from external clients reduced to £63k (2021: £99k). In the year the team had a greater focus on internal Church Army projects.

Income from other trading activities - bounced back to £179k (2021: £30k, 2020: £376k) as our accommodation, café and conferencing at Wilson Carlile Centre were able to re-open after pandemic closures. The return started later in the year than we had envisaged but the growth in activity has continued into the new financial year with record levels of occupancy and income delivered from the accommodation.

Non-charitable trading: SPACE & MUNCH - Social Enterprise activity at our Marylebone Project was slower to restart, as we took a cautious approach to protect our vulnerable residents, but it has been good to see activities resuming and new bookings coming in.

Expenditure

Costs of **Raising funds** increased to £1.276m (2021: £1.172m) primarily due to increased direct costs of trading activities (up £95k) as these restarted during the year, filling vacancies in the fundraising team and increased costs (up £60k) invested in our fundraising for the Marylebone project through our contracted fundraising consultancy to help sustain the Sanctuary 24-7 project after the initial one-year funding expires.

Spend on **Charitable activities** increased by £1m to £7.421m (2021: £6,419k) - the increased spend was primarily in Centres of Mission up £262k and Homeless projects up £508k which includes the cost of staffing the 24-7 Sanctuary drop-in centre at our Marylebone women's hostel.

Church Army (The) Trustees' Annual Report (Including Directors' Report and Strategic Report) Year Ended 31 March 2022

Church Army continued to maintain tight control of expenditure, through its management structure, the foundation of an annual budget and monthly monitoring process to ensure an effective and efficient use of financial resources. Delivery of the DARE strategy continues to underpin the decision-making process.

Re-measurement gain on the defined benefit (DB) pension plan - the March 2022 actuarial valuation resulted in a £613k adjustment, reducing the DB liability that we are required to recognise in our accounts.

After the 9% deficit shown in the 2020 actuarial valuation of the Church Army Pension Scheme ("CAPS"), the Pension Scheme Trustees implemented a changed investment strategy and Church Army agreed and made a lump sum contribution of £250k into the plan from the 2021 surplus to help stabilise the fund, and to continue to make contributions of up to £100k pa.

Over the last year the revised investment strategy and the increased contributions to the pension fund have resulted the actuarial valuation at 31 March 2022 showing a net surplus of £534k (5%). Whilst pension liabilities are shown as a liability in the Church Army accounts the same is not true of pension assets, Church Army is not able (nor has any current intention) to reclaim this surplus from the Pension Scheme. The significant improvement to the position of the fund will make the financial impact of the fund on Church Army's financial position much more predictable than in prior years.

The triennial valuation, and the provision calculated for these accounts are technical calculations based on actuarial standards. The Pensions Regulator is satisfied that the current contribution plan is appropriate.

Major capital works

No major capital works were undertaken during the year.

Investment policy and performance

Church Army's investments comprise properties which are rented out for income and funds invested with investment managers with the primary goal of capital growth. Investments are liquidated from time to time to provide the cash needed to fund the planned deficits

The total return on investments, (dividends, rental income and capital growth) was £2.637m (2021: £2.701m), comprising income of £502k (2021: £575k) and exceptional capital gains of £2.135m (2021: £2.126m). This exceptional result, for a second year in a row, significantly exceeds the Board's investment target rates to achieve an absolute return of 4%, but we recognise this performance is unlikely to be repeated, especially in view of the difficult economic situation with rising inflation and interest rates and the expectation of a recession later in 2022.

Investment properties

Church Army's investment properties were previously used as accommodation by employed and retired evangelists. Rental income reduced to £458k (2021: £518k) due to the sale of several properties during the year. At each year end the investment property portfolio is revalued - the revaluation at 31 March 2022 resulted in the value increasing by £1,580k (2021: £706k), reflecting the increases seen in the housing market nationally.

Funds with specialist charity investment managers

The Church Army general investment portfolio is placed with two high performing funds, one run by Ruffer LLP and the other by CCLA, both specialists in charity fund management. The Investment Sub-Committee receive quarterly updates and meet the managers each year to review results, investment strategies and prospects. They also make use of charity investment comparators, including the quarterly Multi-Asset Charity Fund Review published by ARC Research Ltd. The Investment Sub-committee then provide guidance to the board when they consider that change is required.

Our funds with CCLA are invested in the CBF Church of England Investment Fund. When stock markets are rising the fund has been a leader in the ARC tables. In March 2020 the fund did lose some value but did not suffer the significant losses of the stock market in general and recovered strongly during the rest of 2020-21 delivering 24.3% in the year to March 2021 and the funds grew 11.4% in the year to March 2022.

**Church Army (The)
Trustees' Annual Report (Including Directors' Report and Strategic Report)
Year Ended 31 March 2022**

The approach of Ruffer LLP is by nature fairly cautious, aiming to preserve capital and deliver consistent positive returns, regardless of how financial markets perform. In more detail they have two investment aims: not to lose money in any rolling twelve-month period, and to generate returns meaningfully ahead of the 'risk-free' alternative of placing money on deposit. In the last 2 years Ruffer have achieved these aims delivering strong results - in the 12m to 31 March 2022 Ruffer produced returns of 8.2% after an exceptional growth in 2021 of 24.1%.

In prior years the investments with Ruffer were managed individually on our behalf in line with the detailed Ruffer overall strategy. During 2020-21 we moved the monies in the managed portfolio into the Ruffer Charity Assets Trust Accumulation units. This fund follows the same Ruffer guidance, produces very similar returns and enjoys lower charges.

Balance of Investment portfolio

The Investment sub-committee met in August 2022 and took advice from the fund managers and the property manager. The allocation of the portfolio between property and investment funds will be re-balanced better to cope with the need to liquidate investments on a regular basis to fund working capital, current uncertainties in the markets and forthcoming rental property regulations.

An active ethical investment policy

In 2019/20 the Board adopted the investment policies set by EIAG - the Ethical Investment Advisory Group of the Church of England. That policy not only sets out areas where there should be no direct investment (e.g. tobacco, gambling, non-military firearms, or high interest rate lending) but also expects the investee "to manifest sustainable environmental practice, fair treatment of customers and suppliers, responsible employment practices, conscientiousness with regard to human rights, sensitivity towards the communities in which they operate and best corporate governance practice". The policy, which is considered to be a leader in this area, requires investors to be active, engaging with investee companies to seek improvement in ethical standards in these areas.

The CCLA CBF Church of England fund is compliant with EIAG. The Ruffer Charity Assets Trust fund's responsible investment policy has been shaped by the concerns of many charities. It imposes strict restrictions on investment in alcohol, armaments, gambling, pornography, tobacco, oil sands and thermal coal. It also follows a proactive voting and engagement approach with companies held within the fund. The fund is monitored against UN Global Compact principles, MSCI's ESG Metrics and the managers also monitor the fund's carbon metrics.

Reserves (Funds) policy

At the year end, the Reserves, also referred to in the financial statements as "Funds", increased slightly to £30.010m (2021: £29.516m).

Reserves are used to fund continuing day to day activities and to invest in growing the work of Church Army in supporting those on the margins of society including the most vulnerable who our people work with through our Centres of Mission and frontline projects every day. This work is increasingly vital as an increasing number of people struggle with the rising cost of living and the unprecedented rise in energy bills.

The Board has reviewed the current level of Reserves, described below, and set a deficit operating budget for 2022-23 similar to the 2021-22 operating deficit budget as it continues to invest in frontline work. The funds for this will be drawn from both free and designated reserves. The budget also includes investment in new fund raising approaches - the Board has recognised that a step-change in donation / fundraised income is needed in the next three years if investment and current levels of activity are to continue and free reserves are to remain at the base level.

As at 31 March 2022, the Board holds the following reserves:

Restricted Reserves

£7.193m (2021 £6.222m) are classed as restricted funds - those, which by their nature, can only be used in compliance with the specific wishes of the donor(s), including those specifically for frontline activities. Where the cost of frontline activities is greater than the specific donations, the shortfall is met by a transfer of funds from Unrestricted Reserves.

Church Army (The)
Trustees' Annual Report (Including Directors' Report and Strategic Report)
Year Ended 31 March 2022

Unrestricted Reserves

£22.817m (2021: £23.294m) are classed as unrestricted funds, which can be used by the Board for any purpose which delivers the charities objectives.

Within unrestricted reserves the Board recognises the following:

Operational Assets £7.234m (2021: £7.327m) these designated funds are invested in properties which Church Army uses for its day to day operations and includes the Wilson Carlile Centre and one building used by our Marylebone women's housing project (while another Marylebone building is included in Restricted reserves above) and are therefore unavailable for other uses.

Reserves designated for the DARE strategy

The Board has earmarked £6.211m (2021: £6.670m) of its unrestricted funds to support the development of the DARE strategy. This is referred to as a designated fund for:

- Establishing new Centre of Mission partnerships. Many of our partners look for 3 to 5-year agreements, designating the funds for these partnerships strengthens our relationship opportunities and allows us to plan forward with more confidence.
- Enabling significant investment in delivering a step-change in Fundraising to generate an extra £2m pa by 2026.
- Supporting our training growth, which is anticipated to double each year, and for the next few years at least and will support the growth in centres of mission.
- Developing the additional training programmes and the related digital mechanisms needed to support the expansion in staff and volunteer numbers.

Free reserves £9.4m - the Board has set a target of £6.5m for free reserves which includes a base reserve of £4m that it is estimated would be needed for a managed reduction in service if there was a total collapse of funding. This equates to anticipated costs including employment and other statutory payments which would need to be made in the event of a total loss of income from all sources. This is an unlikely scenario, and so the Board recognises this reserve fund also provides contingency for significant fluctuations in individual income streams.

Pension liabilities

Reserves are reduced by possible long-term pension liabilities of £52k (2021: £740k). This amount is calculated at the year-end and fluctuates yearly. At the date of signing the accounts there has been significant volatility in the markets in recent weeks. However, the Trustees have been informed by their professional advisers that the Scheme's funding position has not been materially affected by this volatility and that an update of the funding position to 30 September 2022 was still expected to show the Scheme being in surplus.

In summary - reserves are held as follows:

	Target	Actual 2022	Restated 2021
Restricted reserves	7.2	7.2	7.0
Operational assets	7.2	7.2	*7.3
Designated for investment in DARE strategy and step change in Fundraising	6.2	6.2	6.7
Free reserves	6.5	9.4	*9.3
Pension liabilities		(0.0)	(0.8)
Total	27.1	30.0	29.5

*2021 figures restated following showing adjusted allocation of operational properties

Contingent liability

In 2019 Church Army provided support to a venture seeking to establish a Community and Retreat centre for young people using the buildings of a former convent. As part of this support Church Army employed the staff and signed the lease for the site, with the expectation that these would be formally transferred across to the new charity once it became established. While refurbishment of the buildings commenced as planned, Covid had a significant impact on the wider plans for the venture and in the spring of 2022 the Trustees of that venture decided to close down the project. At the date of signing these accounts Church Army is in the

Church Army (The) Trustees' Annual Report (Including Directors' Report and Strategic Report) Year Ended 31 March 2022

process of negotiating a settlement with the Freeholder of the site to exit the lease early. A claim for £356,000 has been made by the Freeholder for dilapidations which is being disputed and at this stage it is not possible to assess the likely outcome and so the amount of the claim cannot be reliably measured.

Fundraising activities

Church Army has fully embraced the protocols established by the Fundraising Regulator and laws which came out under General Data Protection Regulations in 25 May 2018.

Church Army has always maintained a highly competent and professional approach to what is now a strictly regulated sector, balancing the need to generate funds while at the same time, fully respecting the position of both our existing and potential donors. Church Army has adopted a very robust approach to ensure full compliance with the requirements of the Fundraising Regulator and the 2018 GDPR legislation. This is particularly so in the area of donors in vulnerable circumstance, where working practices have been established to respect and protect their position.

Church Army first published a clear policy on donor relationships over five years ago. This has been strengthened to reflect more clearly our relationship with the Fundraising Regulator to state:

We believe that the way we raise money should model our Christian values, with integrity, accountability and honesty, born out of a genuine two-way relationship; you wouldn't expect anything less. That's why we are not only committed to upholding the Code of Fundraising Practice, we are committed to setting the very highest standards in fundraising. We are registered with the Fundraising Regulator whose Fundraising Promise states:

- We will commit to the highest standards
- We will be clear, honest and open
- We will be respectful
- We will be fair and reasonable
- We will be accountable and responsible

The complete text can be found on the Church Army website: <https://churcharmy.org/ways-of-giving/fundraise-for-us/our-pledge>

We received three complaints from new or existing donors. Two of these related to problems being able to make an online donation via the Church Army website. Both donors were eventually able to make a donation, both were happy and were merely providing feedback for us to address. The other complaint related to the wording of an appeal sent to those on our database; the donor read it as though it implied their giving had ceased when indeed it was still current.

Big Lottery Funding, to support our educational work and encourage client involvement at the Marylebone Project, continued this year and Church Army are grateful for the continued support from this valued source.

We continue to work hard with individuals, parishes, trusts and corporates (still largely untapped) ideally to increase and, as importantly, maintain income levels. The individual donors remain our most loyal and long-standing contributors and we are always working on creative and innovative ways to maintain this critical support group. We recruited the services of an expert in fundraising from trusts and charitable foundations to appraise our approach to this important income stream. This was extremely valuable and we have implemented changes to our approach as a direct result, the fruit of which will be seen in the years ahead. It has continued to be difficult to engage churches following the gradual easing of restrictions imposed by the COVID-19 pandemic, with many churches slowly finding a new normal but not yet ready to receive visiting speakers, as well as contending with addressing their own finances due to loss of income during restrictions from weddings and funerals and loss of giving from people who would have put money in a collection plate during a service. We have begun to work with an external marketing and fundraising agency to explore how we can grow our income across all funding streams and this work is ongoing.

Church Army (The) Trustees' Annual Report (Including Directors' Report and Strategic Report) Year Ended 31 March 2022

Church Army uses professional external fundraising for the Marylebone Project and the business involved is signed up to the same working practices that we adopt ourselves.

For further information about The Fundraising Regulator visit www.fundraisingregulator.org.uk

Church Army is working very hard to ensure all current donor income goes directly to fund frontline activity. It is doing this by prudent use of the historic investments, which are managed to generate an income, which covers the non-frontline costs, which we cannot avoid under our statutory obligations as an employer and a limited company.

Partnerships

Our Centres of Mission are delivered in partnership with dioceses across the UK and Ireland and we rely on the support of a number of significant funders to continue our work.

Going concern

The trustees have agreed a deficit operating budget of £3m for 2022-23 and a 3-year financial model that forecasts income and expenditure, taking into account strategic plans for the following 2 years.

Reserves are in place to support the continued investment in the organisation's DARE strategy and the planned investment in delivering a step-change in fundraising over the next 2-3 years with the aim of moving towards operational financial sustainability by 2026.

The significant gains from investments last year reversed an expected operating deficit into a small surplus has strengthened the charity's position enabling it to continue its expansion plans and providing further resilience in the event of income shortfalls in the next 12 months.

After making these appropriate enquiries, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Structure, governance and management

Constitution

The Society is both a registered charity and a company limited by guarantee governed by its Articles of Association, which specify that its legal objects are "to bring people to a personal faith in Jesus Christ" by:

- (i) providing trained evangelists and lay agents to assist the advancement of the Christian religion
- (ii) preaching the need of conversion, holiness of life and church membership
- (iii) relieving poverty and distress

The Society is registered with the Office of the Scottish Charity Regulator and the Republic of Ireland and is applying for registration in Northern Ireland.

Appointment, induction and training of Trustees

The Board of Trustees comprises people with appropriate expertise including Church Army evangelists, members of General Synod of the Church of England and members of other provinces. Trustees are co-opted by the Board, following a search based on filling identified gaps in skills and experience and must be elected by the membership at the next Annual General Meeting. Good governance is vital to the effectiveness of the organisation and so training and induction programmes for new Trustees are tailored for each individual.

**Church Army (The)
Trustees' Annual Report (Including Directors' Report and Strategic Report)
Year Ended 31 March 2022**

Following the planned departure of 2 trustees during the year, the results of a skills audit have been used to inform a trustee recruitment programme using an external agency and the Board hopes to appoint at least 3 and up to 5 new trustees during the 2022-23 financial year.

Organisational structure and decision-making

The Board carries overall responsibility for every decision made within the Society and has delegated certain powers to the following committees:

The Finance Committee:

- advises the Board on financial policy and its implications
- monitors the development of financial systems
- approves the purchase and sale of properties and other capital expenditure within parameters determined by the Board
- recommends to the Board the appointment and remuneration of external auditors
- discusses and agrees with the external auditors as to the nature and scope of their activities
- considers with the Chief Executive the implications of the auditors' recommendations as set out in their management letter and monitors progress against agreed action

The Investment Committee monitors and reviews the policy and performance of the Society's investment managers and property portfolio.

The Senior Leadership Team is responsible for implementing Board decisions throughout the Society and the executive management of its operations and resources through its Management Team.

The Marylebone Project Board formulates and implements strategy and oversees all operational matters relating to the Marylebone Project for homeless women on behalf of the Portman House Trust and Church Army as sole Trustee.

The Society also has a President and Vice-Presidents, who have no formal powers but act in an advocacy role within the wider church. They are listed on page 1.

Church Army International

Church Army continues to support a collective group of societies in Australia, Barbados, Canada, Denmark, Jamaica, New Zealand, the United States of America, various countries across Africa and Vanuatu. Each of these is separately constituted and independent of the others. There is mutual support and regular contact between the leaders as part of the International Leaders, chaired by the UK CEO.

Pay policy for senior staff

No formal remuneration policy currently exists, for any group of employees, beyond the commitment to pay at least the living wage under The Living Wage Foundation criteria.

The Board, through the Treasurer, have undertaken a benchmarking exercise for senior staff and set a remuneration level, based on that review, to reflect the market forces within the sector. The resulting level is adjusted to recognise both the need to recruit and retain staff with the appropriate skills and experience. Senior staff are subject to the same annual cost of living review as the rest of the staff and similarly, any justified reward for increased responsibility can be applied at any time outside the annual review date, at the beginning of April each year, with the appropriate level of approval.

Risk management and internal controls

The Board has overall responsibility and regularly reviews all aspects of risk management to ensure that the Society has appropriate systems of internal control, whether strategic, operational, financial, or with regard to legal compliance. Systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

Church Army (The)
Trustees' Annual Report (Including Directors' Report and Strategic Report)
Year Ended 31 March 2022

- An annual budget approved by the Trustees and detailed monthly management accounts which report actual performance compared to budget
- A strategic statement of the Society's purpose, values and vision supported by more detailed goals and objectives and financial forecasts looking ahead five years
- Internal policies and procedures
- A process for the identification and management of risks
- An agreed level of delegated authority to committees and management
- Checks to ensure that transactions are properly authorised and recorded
- Carrying out internal audit where appropriate

Following the Board's annual review, the key strategic risks and mitigations are:

Risk	Response
Structural budget deficit continues	<ul style="list-style-type: none"> • Ongoing review and shaping of budgets and costs in the light of income and available reserves. • Board has committed to significant investment to deliver a step-change in fundraised income over the next 3 years • Rolling 3-year financial model in place to manage reduction of any operating deficit in line with reserve policy targets
Safeguarding risks through failure to protect the vulnerable and marginalised	<ul style="list-style-type: none"> • Culture of Safeguarding embedded across whole of CA • Policies and procedures exist in all CA projects to establish good practice • Safe recruitment of all CA staff and volunteers working with vulnerable adults or children • Safeguarding training mandatory for all staff and volunteers with specialist training for specific frontline roles and those with Safeguarding leadership responsibility
Inability to recruit & retain the right people especially for Centres of Mission Loss of key staff / institutional memory	<ul style="list-style-type: none"> • We are running leadership development training programmes and identifying potential leaders and evangelists among members of key programmes at an early stage in their journey with Church Army
Sustainable funding not achieved for Marylebone Sanctuary 24-7 project	<ul style="list-style-type: none"> • Increased investment in external fundraising consultancy to drive higher income • Plans being developed for large scale acquisition of new donors from general public

In addition to the Board review, each year there is a formal review of the risks to which Church Army is exposed and systems established by our Senior Leadership Team to mitigate them are updated or added as appropriate.

Plans for future periods

Church Army continues working to a rolling five-year forward plan. Detailed budgets are prepared for one year in advance and extended into the following 2 years to create a 3-year financial model. Church Army is consciously budgeting an operating loss for the next 3 years drawing on both Designated and Free reserves to support current activity and investment in new work as it pursues its strategy, and at the same time committing to significant investment in fundraising to deliver a step-change in income over the next 3 years to move us towards financial sustainability.

**Church Army (The)
Trustees' Annual Report (Including Directors' Report and Strategic Report)
Year Ended 31 March 2022**

Trustees' responsibilities

The Trustees (who are also Directors of Church Army for the purposes of company law) are responsible for preparing the Trustees' Annual Report including the Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company 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 Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and 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 charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

In approving the Trustees' Annual Report, we also approve the Strategic Report included therein, in our capacity as company directors.

On behalf of the board on



John Whitfield
Trustee

Nov 24, 2022


Stephen Cottrell
Stephen Cottrell (Nov 26, 2022 11:22 GMT)

The Most Rev & Rt Hon Stephen Cottrell
Trustee

Nov 26, 2022

Opinion

We have audited the financial statements of Church Army (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2022 which comprise the Group and Parent Charitable Company Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheet, the Group and Parent Charitable Company 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).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2022, and of the group's and parent charitable company's incoming resources and application of resources, including the group's and parent charitable company's income and expenditure, 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company 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 group and parent charitable company'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 trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the trustees' annual report. 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 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 this gives rise to 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 28, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are 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 trustees determine 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 trustees are responsible for assessing the group and parent charitable company'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 trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the entity through discussions with Trustees and other management, and from our knowledge and experience of the charity sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the entity, including safeguarding legislation, health and safety and data protection laws;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal costs; and
- we ensured identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the entity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and 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 charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Jane Marshall (Senior Statutory Auditor)
for and on behalf of
BHP LLP
Chartered Accountants
Statutory Auditor
2 Rutland Park
Sheffield
S10 2PD

Date:

BHP LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act

Group Statement of Financial Activities
(Including an Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted Funds £000	2022 Total £000	2021 Total £000
Income and endowments from:					
Donations and legacies	2	1,359	1,475	2,834	2,785
Charitable activities	3	394	2,391	2,785	2,680
Other trading activities	4	173	6	179	30
Investments	5	478	24	502	575
Other	6	53	20	73	278
Total income and endowments		2,457	3,916	6,373	6,348
Expenditure on:					
Raising funds	7	1,034	242	1,276	1,172
Charitable activities	8	2,748	4,673	7,421	6,419
CoE pension scheme movement	23	-	(5)	(5)	6
Other	10	30	-	30	30
Total expenditure		3,812	4,910	8,722	7,627
Net (expenditure) for the year before investment gains		(1,355)	(994)	(2,349)	(1,279)
Net gains on investments		1,706	429	2,135	2,126
Net income/(expenditure) for the year		351	(565)	(214)	847
Transfers between funds	19	(923)	923	-	-
Other recognised gains/(losses):					
Gain on revaluation of fixed assets		95	-	95	105
Re-measurement gain/(loss) on defined benefit pension plan	23	-	613	613	(589)
Net movement in funds		(477)	971	494	363
Reconciliation of funds:					
Total funds brought forward	19	23,294	6,222	29,516	29,153
Total funds carried forward	19	22,817	7,193	30,010	29,516

All income and expenditure derive from continuing activities.

The Statement of Financial Activities includes all gains and losses recognised during the year.

Society Statement of Financial Activities
(Including an Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted Funds £000	2022 Total £000	2021 Total £000
Income and endowments from:					
Donations and legacies	2	1,359	537	1,896	2,144
Charitable activities	3	394	754	1,148	1,110
Other trading activities	4	173	-	173	28
Investments	5	478	24	502	575
Other	6	53	10	63	203
Total income and endowments		2,457	1,325	3,782	4,060
Expenditure on:					
Raising funds	7	1,034	95	1,129	1,066
Charitable activities	8	2,748	2,090	4,838	4,280
CoE pension scheme movement	24	-	(5)	(5)	6
Other	10	30	-	30	30
Total expenditure		3,812	2,180	5,992	5,382
Net (expenditure) for the year before investment gains		(1,355)	(855)	(2,210)	(1,322)
Net gains on investments		1,706	429	2,135	2,126
Net income/(expenditure) for the year		351	(426)	(75)	804
Transfers between funds	19	(923)	923	-	-
Other recognised gains/(losses):					
Gain/(loss) on revaluation of fixed assets		95	-	95	105
Re-measurement gain/(loss) on defined benefit pension plan	24	-	613	613	(589)
Net movement in funds		(477)	1,110	633	320
Reconciliation of funds:					
Total funds brought forward		23,294	4,184	27,478	27,158
Total funds carried forward		22,817	5,294	28,111	27,478

All income and expenditure derive from continuing activities.

The Statement of Financial Activities includes all gains and losses recognised during the year.

Church Army (The)
Year Ended 31 March 2022

Balance Sheets

	Note	Group 2022 £000	Group 2021 £000	Society 2022 £000	Society 2021 £000
Fixed assets					
Tangible assets	14	8,707	8,858	7,234	7,327
Investments	15	20,786	21,355	20,786	21,355
		<u>29,493</u>	<u>30,213</u>	<u>28,020</u>	<u>28,682</u>
Current assets					
Debtors	16	607	658	517	575
Cash at bank and in hand		924	407	924	407
		<u>1,531</u>	<u>1,065</u>	<u>1,441</u>	<u>982</u>
Creditors: amounts falling due within one year	17	(1,009)	(1,047)	(1,345)	(1,471)
		<u>522</u>	<u>18</u>	<u>96</u>	<u>(489)</u>
Net current assets/(liabilities)					
Total assets less current liabilities		<u>30,015</u>	<u>30,231</u>	<u>28,116</u>	<u>28,193</u>
Creditors: amounts falling due after more than one year	18	(5)	(79)	(5)	(79)
Net assets excluding pension liability		<u>30,010</u>	<u>30,152</u>	<u>28,111</u>	<u>28,114</u>
Defined benefit pension liability	23	-	(636)	-	(636)
Net assets	21	<u>30,010</u>	<u>29,516</u>	<u>28,111</u>	<u>27,478</u>
Charity funds					
General funds		9,372	7,766	9,372	7,766
Designated funds (including revaluation reserve £9,962,000 (2021: £9,911,000))		13,445	15,528	13,445	15,528
		<u>22,817</u>	<u>23,294</u>	<u>22,817</u>	<u>23,294</u>
Restricted funds		7,245	6,962	5,346	4,924
		<u>30,062</u>	<u>30,256</u>	<u>28,163</u>	<u>28,218</u>
Total funds excluding pension reserves					
Pension liabilities		(52)	(740)	(52)	(740)
Total charity funds	19	<u>30,010</u>	<u>29,516</u>	<u>28,111</u>	<u>27,478</u>

Signed on behalf of the Board of Trustees on Nov 24, 2022



John Whitfield
Trustee



Stephen Cottrell (Nov 26, 2022 11:22 GMT)

The Most Rev & Rt Hon Stephen Cottrell
Trustee

The notes on pages 38 to 64 form part of these financial statements.

Company registration number: 00037169

Group Statement of Cash Flows

	Note	2022 £000	2021 £000
Cash flow from operating activities:			
Net cash flow from operating activities	22	(2,777)	(1,579)
Cash flow from investing activities:			
Payments to acquire tangible fixed assets		(28)	(291)
Payments to acquire investments		(9)	(6,112)
Receipts from sales of investments		2,829	7,224
Interest received		1	5
Dividends received		43	52
Rents received from investment properties		458	518
Net cash flow from investing activities		3,294	1,396
Cash flow from financing activities:			
Repayment of long-term loans		-	(131)
Net cash flow from financing activities		-	(131)
Net increase/(decrease) in cash and cash equivalents		517	(314)
Cash and cash equivalents brought forward		407	721
Cash and cash equivalents carried forward		924	407
Cash and cash equivalents consist of:			
Cash at bank and in hand		924	407
		924	407

Society Statement of Cash Flows

	Note	2022 £000	2021 £000
Cash flow from operating activities:			
Net cash flow from operating activities	22	(2,777)	(1,870)
Cash flow from investing activities:			
Payments to acquire tangible fixed assets		(28)	-
Payments to acquire investments		(9)	(6,112)
Receipts from sales of investments		2,829	7,224
Interest received		1	5
Dividends received		43	52
Rents received from investment properties		458	518
Net cash flow from investing activities		3,294	1,687
Cash flow from financing activities:			
Repayment of long-term loans		-	(131)
Net cash flow from financing activities		-	(131)
Net increase/(decrease) in cash and cash equivalents		517	(314)
Cash and cash equivalents brought forward		407	721
Cash and cash equivalents carried forward		924	407
Cash and cash equivalents consist of:			
Cash at bank and in hand		924	407
		407	407

Notes to the financial statements

1 Accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland issued October 2019, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and UK Generally Accepted Accounting Practice.

Church Army meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy. The financial statements are prepared in sterling, which is the functional currency of the charity and rounded to the nearest £'000.

The Statement of Financial Activities (SoFA) and Balance Sheet consolidate the financial statements of the company and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

The company (referred to as the Society) includes the results of Church Army, its linked charities and special trusts as disclosed in note 20 to these financial statements.

(b) Funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

(c) Income recognition

All income is included in the SoFA when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Similarly, no value is attached to gifts in kind that although graciously acknowledged, are not material for separate calculation or inclusion.

Notes to the financial statements

For Legacies, entitlement is the earlier of the charity being notified of an impending distribution or the Legacy being received. At this point income is recognised. On occasion, Legacies will be notified to the charity, however it is not possible to measure the amount expected to be distributed. On these occasions, the Legacy is treated as a contingent asset and disclosed.

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

The charity receives government grants under Supporting People funding operating within our homeless projects in London and Cardiff and No Recourse to Public Funds grants to support people in our homeless project in London. Income from government and other grants is recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

Other income includes gains on disposals of tangible fixed assets and CJRS income which has been recognised in the period for which the claim was made.

(d) Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Grants payable to third parties are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

(e) Support costs allocation

Support costs are those costs that assist the work of the charity but do not directly represent charitable activities include office costs and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management carried out centrally. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources. Premises overheads have been allocated on a headcount basis and other overheads have been allocated similarly.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

Notes to the financial statements

(f) Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended. Assets with a cost of less than £5,000 are not capitalised.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold and long leasehold land	Nil
Freehold buildings	75 years
Leasehold buildings	75 years or lease term if shorter
Freehold improvements	10 to 20 years
Other fixed assets	3 to 7 years

(g) Investment properties

Investment properties are measured at fair value at each reporting date with changes in fair value recognised in 'net gains/(losses) on investments' in the SoFA.

(h) Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless fair value cannot be measured reliably in which case they are measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'net gains/losses on investments' in the Statement of Financial Activities. Other investments are measured at cost less impairment.

Current asset investments are short term highly liquid investments and are held at fair value. These include cash on deposit and cash equivalents with a maturity of less than one year.

(i) Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount repaid net of any trade discounts due.

(j) Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

(k) Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

(l) Creditors and provisions

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Notes to the financial statements

(m) Leases

Rentals payable and receivable under operating leases are charged to the SoFA on a straight-line basis over the period of the lease.

(n) Foreign currency

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

(o) Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

Redundancy benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

(p) Pensions

The charity operates two defined contribution plans for the benefit of some of its employees. Contributions are expensed as they become payable.

The charity operates a defined benefit plan (CAPS) for the benefit of some of its employees. A liability for the charity's obligations under the plan is recognised net of plan assets. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

The charity also contributes to a defined benefit plan (CEFPS) for the benefit of some of its employees. A liability for the charity's obligations under the plan is recognised net of plan assets. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period.

(q) Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

(r) Going concern

The trustees have agreed a deficit operating budget of £3m for 2022-23 and a 3-year financial model that forecasts income and expenditure, taking into account strategic plans for the following 2 years.

Reserves are in place to support the continued investment in the organisation's DARE strategy and the planned investment in delivering a step-change in fundraising over the next 2-3 years with the aim of moving towards operational financial sustainability by 2026.

Notes to the financial statements

The significant gains from investments last year reversed an expected operating deficit into a small surplus has strengthened the charity's position enabling it to continue its expansion plans and providing further resilience in the event of income shortfalls in the next 12 months.

After making these appropriate enquiries, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

(s) Financial instruments

The Society holds a variety of basic financial instruments as part of its day-to-day activities, principally investments, bank deposits and accounts, and trade creditors and debtors. The investment managers at times use hedges as part of a cautious investment strategy to reduce the underlying risks in the portfolio, but do not actively seek to invest in hedge funds. The Society has no significant exposure to credit risk, liquidity risk or cash flow risk, and its price risk exposure largely relates to the value of investments. Investments are monitored by an investment committee and cash flow is monitored as part of the financial management of the Society's operation.

(t) Judgements and estimations policy

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The present value of the pension schemes both depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost/income for pensions include the discount rate. Any changes in these assumptions will impact the carrying value of the pension liabilities.

Other key estimates are property values and depreciation. The useful life and residual value of an asset is subject to judgement. Property values are also subject to judgement on their state of repair, future rental yield and estimated cost to sell.

2 Income from donations and legacies

	Group 2022 £000	Group 2021 £000	Society 2022 £000	Society 2021 £000
Donations	2,406	2,057	1,468	1,416
Legacies	428	728	428	728
	2,834	2,785	1,896	2,144

In 2022, of the total Group income from donation and legacies, £1,359k (2021: £1,575k) was to unrestricted funds and £1,475k (2021: £1,210k) was to restricted funds. Of the total Society income from donation and legacies, £1,359k (2021: £1,575k) was to unrestricted funds and £537k (2021: £569k) was to restricted funds.

Notes to the financial statements

3 Income from charitable activities

	Group 2022 £000	Group 2021 £000	Society 2022 £000	Society 2021 £000
Fees for services (Housing Benefit)	1,543	1,482	168	168
Contractual payments	712	650	712	650
Performance related grants (Supporting People)	455	443	205	193
Other statutory grants	12	6	-	-
Research and Training	63	99	63	99
	<u>2,785</u>	<u>2,680</u>	<u>1,148</u>	<u>1,110</u>

In 2022, of the total Group income from charitable activities, £394k (2021: £314k) was to unrestricted funds and £2,391k (2021: £2,366k) was to restricted funds. Of the total Society income from charitable activities, £394k (2021: £314k) was to unrestricted funds and £754k (2021: £796k) was to restricted funds.

4 Income from other trading activities

	Group 2022 £000	Group 2021 £000	Society 2022 £000	Society 2021 £000
Accommodation	144	25	144	25
Room hire	8	1	6	1
Catering	27	4	23	2
Other trading	-	-	-	-
	<u>179</u>	<u>30</u>	<u>173</u>	<u>28</u>

In 2022, of the Group income from other trading activities, £173k (2021: £28k) was attributable to unrestricted funds and £6k (2021: £2k) to restricted funds. All of the Society income from other trading activities, £173k (2021: £28k) was to unrestricted funds.

5 Income from investments - Group and Society

	Total 2022 £000	Total 2021 £000
Listed investments	43	52
Bank interest	1	5
Rental income	458	518
	<u>502</u>	<u>575</u>

In 2022, of the total Group and Society income from investments, £478k (2021: £543k) was to unrestricted funds and £24k (2021: £32k) was to restricted funds.

Notes to the financial statements

6 Other income

	Group 2022 £000	Group 2021 £000	Society 2022 £000	Society 2021 £000
COVID grants	42	208	42	180
Other	31	70	21	23
	<u>73</u>	<u>278</u>	<u>63</u>	<u>203</u>

In 2022, of other Group income, £53k (2021: £206k) was attributable to unrestricted income and £20k (2021: £72k) restricted. Society income, £53k (2021: £206k) was attributable to unrestricted funds and £10k (2021: -£3k) to restricted funds.

7 Expenditure on raising funds

	Group 2022 £000	Group 2021 £000	Society 2022 £000	Society 2021 £000
Costs of generating voluntary income	384	252	281	209
Costs of generating trading income	750	655	706	592
Investment and investment properties management costs	142	265	142	265
	<u>1,276</u>	<u>1,172</u>	<u>1,129</u>	<u>1,066</u>

In 2022, of Group expenditure on raising funds, £1,034k (2021: £943k) was unrestricted and £242k (2021: £229k) restricted. Society expenditure on raising funds, £1,034k (2021: £943k) was unrestricted and £95k (2021: £123k) to restricted funds.

8 Expenditure on charitable activities

Group	Activities Undertaken directly £000	Support costs £000	Total 2022 £000	Total 2021 £000
Centres of Mission	1,713	850	2,563	2,301
Fresh expressions	114	21	135	219
Other field evangelism	248	175	423	385
Homeless projects	2,661	295	2,956	2,448
Training	392	228	620	509
Dean of Community	238	124	362	283
National Operations	249	113	362	274
	<u>5,615</u>	<u>1,806</u>	<u>7,421</u>	<u>6,419</u>
2021	<u>4,858</u>	<u>1,561</u>	<u>6,419</u>	

Of the above costs £2,748k (2021: £2,217k) were attributable to unrestricted funds and £4,673k (2021: £4,202k) were attributable to restricted funds.

Notes to the financial statements

8 Expenditure on charitable activities (continued)

Society	Activities Undertaken directly £000	Support costs £000	Total 2022 £000	Total 2021 £000
Centres of Mission	1,713	850	2,563	2,301
Fresh expressions	114	21	135	219
Other field evangelism	248	175	423	385
Homeless projects	78	295	373	309
Training	392	228	620	509
Dean of Community	238	124	362	283
National Operations	249	113	362	274
	<u>3,032</u>	<u>1,806</u>	<u>4,838</u>	<u>4,280</u>
2021	<u>2,719</u>	<u>1,561</u>	<u>4,280</u>	

Of the above costs, £2,748k (2021: £2,217k) were attributable to unrestricted funds and £2,090k (2021: £2,063k) were attributable to restricted funds.

9 Allocation of support costs - Group and Society

	Total 2022 £000	Total 2021 £000
Senior management	229	244
Communications	245	216
Administration (finance/personnel/volunteering/IT)	937	802
Strategic development	217	182
General unrestricted costs	154	54
Welfare	8	21
Housing	16	42
Total	<u>1,806</u>	<u>1,561</u>

The allocation of support costs is in line with the accounting policy in note 1(e).

10 Other expenditure

	Group 2022 £000	Group 2021 £000	Society 2022 £000	Society 2021 £000
Trustee expenses	5	-	5	-
Auditor's remuneration	25	30	25	30
	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>

In both years all the total Group and Society other expenditure was on unrestricted funds.

Notes to the financial statements

11 Net income/(expenditure) for the year

Net income/(expenditure) is stated after charging/(crediting):

	2022 £000	2021 £000
Depreciation of tangible fixed assets	274	289
Auditor's remuneration - audit	18	23
Auditor's remuneration - non-audit	7	7

12 Trustees' and key management personnel remuneration and expenses

All 13 (2021: 13) members of the Board who are not Church Army employees (including the Chair) provide their services free of charge, but incurred expenses totalling £4,492 (2021: £nil) for filing fees and travel costs incurred attending board meetings. As permitted by the Society's Articles of Association, during the year 3 (2021: 2) members of the Board who are, or were, Church Army employees received emoluments (including benefits in kind but excluding pension contributions) of £123,594 in total (2021: £115,592). 2 Board members benefited from contributions of £15,961 (2021: £9,883 for 1 Board member) to a defined contribution scheme.

The total amount of employee benefits received by key management personnel is £331k (2021: £252k). The Trustees consider its key management personnel comprises of the Senior Leadership Team made up of the CEO, the Director of Mission Operations, the Director of Community & Vocations and the Director of Learning and Development who are salaried employees.

The CEO is also a member of the board so his emoluments and pension contributions are included in both disclosures above.

Notes to the financial statements

13 Staff costs and employee benefits

The total staff costs and employees' benefits were as follows:	2022	2021
	£000	£000
Wages and salaries	4,467	3,877
Employer's NI	393	341
Employer's pension costs	318	337
	5,178	4,555

The number of employees who received total employee benefits (excluding employer pension costs of more than £60,000 is as follows:

	2022	2021
	Number	Number
£60,001 - £70,000	-	1
£70,001 - £80,000	2	-
£80,001 - £90,000	-	1

Total redundancy and termination payments amount to £25,686 (2021: £nil).

The average monthly number of employees and full time equivalent (FTE) during the year was as follows:

	2022	2022	2021	2021
	Number	FTE	Number	FTE
Raising funds	40	20	31	31
Charitable activities	157	89	129	105
Support	18	13	18	18
	215	122	178	154

The above FTE numbers include 3.1 commissioned officers who are employed by the diocese in which they work but are partly or wholly funded by the Society. Part-time or part-funded staff are counted as appropriate fractions of a full-time or fully-funded post.

Notes to the financial statements

14 Tangible fixed assets

Group	Land and buildings £000	Freehold improvements £000	Other fixed assets £000	Total £000
Cost or valuation:				
At 1 April 2021	8,178	2,677	1,139	11,994
Additions	-	28	-	28
Revaluation	83	-	-	83
At 31 March 2022	8,261	2,705	1,139	12,105
Depreciation:				
At 1 April 2021	874	1,138	1,124	3,136
Charge for the year	109	156	9	274
Revaluation	(12)	-	-	(12)
At 31 March 2022	971	1,294	1,133	3,398
Net book value:				
At 31 March 2022	7,290	1,411	6	8,707
At 31 March 2021	7,304	1,539	15	8,858

Notes to the financial statements

14 Tangible fixed assets (continued)

Society	Land and buildings	Freehold improvements	Other fixed assets	Total
	£000	£000	£000	£000
Cost or valuation:				
At 1 April 2021	6,836	2,292	460	9,588
Additions	-	28	-	28
Revaluation	83	-	-	83
At 31 March 2022	6,919	2,320	460	9,699
Depreciation:				
At 1 April 2021	711	1,099	451	2,261
Charge for the year	91	117	8	216
Revaluation	(12)	-	-	(12)
At 31 March 2022	790	1,216	459	2,465
Net book value:				
At 31 March 2022	6,129	1,104	1	7,234
At 31 March 2021	6,125	1,193	9	7,327

The net book value of land and buildings comprised:

	Group		Society	
	2022 £000	2021 £000	2022 £000	2021 £000
Operational properties (included above)				
Freehold	6,650	6,664	5,489	5,485
Long leasehold	640	640	640	640
	7,290	7,304	6,129	6,125
Investment properties (included in investments)				
Freehold	14,126	14,300	14,126	14,300
	14,126	14,300	14,126	14,300

Notes to the financial statements

14 Tangible fixed assets (continued)

The historic cost equivalent of land and buildings (including investment properties) included at valuation are as follows:

	Group		Society	
	2022 £000	2021 £000	2022 £000	2021 £000
Cost	7,789	8,288	7,789	8,288
Depreciation	(1,880)	(1,893)	(1,880)	(1,893)
Net book value	<u>5,909</u>	<u>6,395</u>	<u>5,909</u>	<u>6,395</u>

Society land and buildings are revalued every year at the balance sheet date to reflect market value. They have been valued at open market value and on an 'existing use' basis based on publicly available data and expertise through our property consultants Bruton Knowles. The Directors have adopted this basis of valuation.

15 Fixed asset investments

	Group		Society	
	2022 £000	2021 £000	2022 £000	2021 £000
Cost or valuation:				
At 1 April 2021	21,355	20,743	21,355	20,743
Additions	9	6,112	9	6,112
Disposals	(2,713)	(7,650)	(2,713)	(7,650)
Revaluation	2,135	2,150	2,135	2,150
At 31 March 2022	<u>20,786</u>	<u>21,355</u>	<u>20,786</u>	<u>21,355</u>

Investments at fair value comprise:

	Group		Society	
	2022 £000	2021 £000	2022 £000	2021 £000
Listed investments	6,660	7,055	6,660	7,055
Investment properties	14,126	14,300	14,126	14,300
	<u>20,786</u>	<u>21,355</u>	<u>20,786</u>	<u>21,355</u>

Investment properties are revalued every year at the balance sheet date to reflect market value. They have been valued at open market value and on an 'existing use' basis based on publicly available data and expertise through our property consultants Bruton Knowles. The Directors have adopted this basis of valuation.

Notes to the financial statements

15 Fixed asset investments (continued)

The cost of fixed asset investments is £10,824,312 (2021: £11,895,709).

Principal subsidiaries

The Society has two subsidiary companies which have been dormant since incorporation and which have no paid-up share capital.

Portman House Trust operates the Marylebone Project and Church Army is the sole Trustee. The Trust is a Registered Provider of Social Housing registered with the Tenant Services Authority and registered with the Charity Commission through Church Army (registered number 226226, subsidiary 67).

The financial results of the subsidiary for the year were:

Name	Income £000	Expenditure £000	Loss for the year £000	Net assets £000
Portman House Trust	2,564	(2,730)	(166)	1,872

16 Debtors

	Group		Society	
	2022 £000	2021 £000	2022 £000	2021 £000
Trade debtors	271	182	183	101
Other debtors	21	90	19	88
Prepayments and accrued income	315	386	315	386
	<u>607</u>	<u>658</u>	<u>517</u>	<u>575</u>

Notes to the financial statements

17 Creditors: amounts falling due within one year

	Group		Society	
	2022 £000	2021 £000	2022 £000	2021 £000
Trade creditors	522	119	494	98
Other tax and social security	111	96	111	96
Amounts owed to subsidiary undertakings	-	-	364	445
Amount due to Church Army Pension Scheme	(29)	221	(29)	221
Other creditors	97	87	97	87
Accruals and deferred income	261	499	261	499
C of E pension scheme (note 23)	47	25	47	25
	<u>1,009</u>	<u>1,047</u>	<u>1,345</u>	<u>1,471</u>

Deferred income

	Group 2022 £000	Society 2022 £000
Opening deferred income	218	218
Resources deferred during year	37	37
Amounts released from previous years	(218)	(218)
Closing deferred income	<u>37</u>	<u>37</u>

Deferred income relates to grant income received in advance.

18 Creditors: amounts falling due after more than one year

	Group		Society	
	2022 £000	2021 £000	2022 £000	2021 £000
C of E pension scheme (note 23)	5	79	5	79
	<u>5</u>	<u>79</u>	<u>5</u>	<u>79</u>

Notes to the financial statements

19 Charity Funds - current year

	as restated 1 April 2021 £000	Income £000	Expenditure £000	Transfers £000	Gains/(losses) £000	31 March 2022 £000
Unrestricted funds						
Designated funds						
Operational property and other fixed assets	7,327	-	(204)	111	-	7,234
DARE strategy	6,670	725	(1,184)	-	-	6,211
Total designated funds	13,997	725	(1,388)	111	-	13,445
Free reserves	9,297	1,732	(2,424)	(1,034)	1,801	9,372
Total unrestricted funds	23,294	2,457	(3,812)	(923)	1,801	22,817
Restricted funds						
Portman House Trust	2,038	2,590	(2,386)	(353)	9	1,898
Special trusts including linked charity:						
Discretionary Grant Fund	885	-	(8)	-	75	952
Gurney Trust	1,964	-	-	-	142	2,106
Ketterson	157	-	-	-	36	193
Tebbs	145	4	-	-	20	169
Other restricted funds including linked charity:						
Retirement fund	1,606	20	(15)	-	147	1,758
Greenwich Centre of Mission	29	-	-	-	-	29
Frontline activities	-	1,240	(2,516)	1,276	-	-
Other	138	62	(60)	-	-	140
	6,962	3,916	(4,985)	923	429	7,245
CAPS pension liability	(636)	-	23	-	613	-
CoE pension liability	(104)	-	52	-	-	(52)
Total restricted funds	6,222	3,916	(4,910)	923	1,042	7,193
Total funds	29,516	6,373	(8,722)	-	2,843	30,010

Notes to the financial statements

19 Charity Funds - prior year

	as restated 1 April 2020 £000	Income £000	Expenditure £000	as restated Transfers £000	Gains/(losses) £000	as restated 31 March 2021 £000
Unrestricted funds						
Designated funds						
Operational property and other fixed assets net of loans	7,453	-	(220)	94	-	7,327
DARE strategy	7,173	398	(901)	-	-	6,670
Total designated funds	14,626	398	(1,121)	94	-	13,997
Free reserves	8,660	2,268	(2,069)	(1,102)	1,540	9,297
Total unrestricted funds	23,286	2,666	(3,190)	(1,008)	1,540	23,294
Restricted funds						
Portman House Trust	1,996	2,288	(1,937)	(394)	85	2,038
Special trusts including linked charity:						
Discretionary Grant Fund	725	1	(23)	-	182	885
Gurney Trust	1,621	2	(3)	-	344	1,964
Ketterson	157	-	-	-	-	157
Tebbs	141	4	-	-	-	145
Other restricted funds including linked charity:						
Retirement fund	1,563	26	(63)	-	80	1,606
Greenwich Centre of Mission	29	-	-	-	-	29
Frontline activities	-	1,207	(2,609)	1,402	-	-
Other	73	154	(89)	-	-	138
	6,305	3,682	(4,724)	1,008	691	6,962
CAPS pension liability	(259)	-	212	-	(589)	(636)
CoE pension liability	(179)	-	75	-	-	(104)
Total restricted funds	5,867	3,682	(4,437)	1,008	102	6,222
Total funds	29,153	6,348	(7,627)	-	1,642	29,516

Notes to the financial statements

19 Charity Funds (continued)

Reserves	Group		Society	
	2022 £000	2021 £000	2022 £000	2021 £000
Income and expenditure account	20,100	20,345	18,201	18,307
Revaluation reserve	9,962	9,911	9,962	9,911
Pension reserve	(52)	(740)	(52)	(740)
	<u>30,010</u>	<u>29,516</u>	<u>28,111</u>	<u>27,478</u>

The designated funds comprise the amounts tied up in fixed assets (net of any related borrowing) plus an amount set aside for commitment to the DARE strategy.

Portman House Trust, a subsidiary, operates the project for homeless women at Marylebone.

The Discretionary Grants Fund is an amalgamation of various restricted funds for the welfare of current and retired officers and staff.

The Gurney Trust is for the benefit of women in need, and the income from its investments provide additional income for the Marylebone Project.

Ketterson Trust is historically linked with work in Northern Ireland.

Tebbs trust is an historic fund established to support 'general religious purposes'.

The retirement fund is to support retired officers and widows of commissioned officers, the fund is made up of properties bequeathed to Church Army or subsequent properties purchased with the proceeds, and a small cash holding.

Greenwich Centre of Mission, Frontline activities (money given specifically for frontline activities) and other restricted funds are used to fund specific projects in accordance with the instructions of the donors, settlors or Trustees.

Transfers have been made between funds for the following:

- contribution to frontline activities from General Funds
- to reflect the changes in operational property and other fixed assets designated funds
- to account for management charges between Portman House Trust and Church Army.

The analysis of the unrestricted reserves has been restated to fairly reflect the analysis between designated funds and free reserves at 31 March 2020 and at 31 March 2021.

20 Special trusts and linked charities

Over many years, Church Army has been appointed to, and continues to administer a number of special trusts, many of which have now expired, but some still exist and are managed in furtherance of the purpose under which they were established.

Within these trusts are two that are linked charities per The Charity Commission website. The Hearn Fund (included within the retirement fund) and The Patterson Holiday Fund (included within the discretionary grant fund). These linked charities and special trusts are combined within the Church Army's results and are accounted for as a component of restricted funds. Separate accounts are not maintained but are recorded so they can be isolated for monitoring and reporting purposes.

Notes to the financial statements

20 Special trusts and linked charities (continued)

The activity and funds held by each linked charity are as follows:

	The Hearn Fund £000	The Patterson Holiday Fund £000
Funds at 1 April 2021	189	170
Income	-	-
Expenditure	-	-
Gains/(losses)	16	14
Funds at 31 March 2022	205	184

21 Analysis of net assets between funds

Current year	Unrestricted Funds £000	Restricted Funds £000	Total £000
Fixed assets	7,234	1,473	8,707
Investments	16,175	4,611	20,786
Current assets	342	1,189	1,531
Creditors due within one year	(934)	(75)	(1,009)
Creditors due after more than one year	-	(5)	(5)
Defined benefit pension liability	-	-	-
Total	22,817	7,193	30,010

Prior year	Unrestricted Funds £000	Restricted Funds £000	Total £000
Fixed assets	7,327	1,531	8,858
Investments	16,896	4,459	21,355
Current assets	72	993	1,065
Creditors due within one year	(1,001)	(46)	(1,047)
Creditors due after more than one year	-	(79)	(79)
Defined benefit pension liability	-	(636)	(636)
Total	23,294	6,222	29,516

Notes to the financial statements

22 Reconciliation of net income/(expenditure) to net cash flow from operating activities

Group	2022 £000	2021 £000
Net income/(expenditure) for the year	(214)	847
Rents received from investment properties	(458)	(518)
Income from investments	(44)	(57)
Depreciation of tangible fixed assets	274	289
Gains on investments	(2,135)	(2,126)
(Profit)/loss on disposal of tangible fixed assets	-	5
(Profit)/loss on disposal of investments	(116)	-
Movement in defined benefit scheme funding	(23)	(212)
Movement in CoE pension scheme	(52)	(75)
(Increase)/decrease in debtors	51	109
Increase/(decrease) in creditors	(60)	159
Net cash flow from operating activities	(2,777)	(1,579)

Society	2022 £000	2021 £000
Net income/(expenditure) for the year	(75)	804
Rents received from investment properties	(458)	(518)
Income from investments	(44)	(57)
Depreciation of tangible fixed assets	216	231
(Gains)/losses on investments	(2,135)	(2,126)
(Profit)/loss on disposal of tangible fixed assets	-	5
(Profit)/loss on disposal of investments	(116)	-
Movement in defined benefit scheme funding	(23)	(212)
Movement in CoE pension scheme	(52)	(75)
(Increase)/decrease in debtors	58	131
Increase/(decrease) in creditors	(148)	(53)
Net cash flow from operating activities	(2,777)	(1,870)

Analysis of changes in net debt - Group and Society

	At 1 April 2021 £000	Cash Flows £000	At 31 March 2022 £000
Short term borrowings	-	-	-
Total liabilities	-	-	-
Cash at bank	(407)	(517)	(924)
Total net debt	(407)	(517)	(924)

Notes to the financial statements

23 Pensions and other post-retirement benefits

Church Army Pension Scheme (CAPS)

Church Army operates the Church Army Pension Scheme (the Scheme), a UK registered trust based pension scheme that provides defined benefits. Pension benefits are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The Trustees are responsible for running the Scheme in accordance with the Scheme's Trust Deed and Rules, which sets out their powers. The Trustees of the Scheme are required to act in the best interests of the beneficiaries of the Scheme.

There are three categories of pension scheme members: Active members: currently employed by the Church Army and accruing benefits in the Scheme Deferred members: former active members of the Scheme who are not yet in receipt of a pension Pensioner members: in receipt of pension.

The Trustees are required to carry out an actuarial valuation every 3 years. The last actuarial valuation of the Scheme was performed by the Scheme Actuary for the Trustees as at 31 March 2020. This valuation revealed a funding shortfall of £657,000.

With effect from 1 April 2021, Church Army agreed to pay annual contributions of £50,000 - split as: £37,500 in respect of the deficit in the Scheme; and 30.6% pensionable salary (expected to average £12,500 per annum over the period of the Recovery Plan) to meet the cost of future accrual of benefits for the remaining active member.

These contributions are expected to be paid until 30 September 2028. Church Army has also agreed to contribute additional payments of £50,000 per annum to meet the expenses of administering the Scheme and the cost of levies, where such expenses are met from the Scheme assets. Church Army therefore expects to pay a total of £100,000 to the Scheme during the accounting year beginning 1 April 2022.

Church of England Funded Pensions Scheme (CEFPS)

Commissioned staff are members of the Church of England Funded Pensions Scheme administered by the Church of England Pensions Board which holds the assets of the schemes separately from those of the Responsible Bodies. The total contribution to this scheme during the year was £240k (2021: £227k).

Stakeholder Scheme provided by Clerical Medical

The stakeholder scheme was established to meet statutory legislation ruling at the time and provide pension provisions for new and existing employees who were not eligible to join the CEFPS or CAPS schemes. The total contribution to this scheme during the year was £19k (2021: £19k).

Auto-enrolment scheme provided by People's Pension (B&CE)

The auto-enrolment scheme was established to conform to current legislation regarding the provision of pension opportunities to all qualifying employees. The total contribution to this scheme during the year was £59k (2021: £51k).

The defined contribution expenses are allocated to activities per staff allocation and all expenses and liabilities are allocated to restricted funds.

Notes to the financial statements

23 Pensions and other post-retirement benefits - continued

Church Army Pension Scheme (CAPS)

The total cost recognised in the period was as follows:

	2022 £000	2021 £000
Current service cost	15	40
Admin costs, past introductions, changes, curtailments and settlements	50	94
Net interest (income)/expense	12	4
	<hr/>	<hr/>
Recognised in net income/expenditure	77	138
Recognised in other (gains)/losses	(613)	589
	<hr/>	<hr/>
Total cost recognised	(536)	727
	<hr/>	<hr/>

The surplus/(deficit) at the balance sheet date is as follows:

	2022 £000	2021 £000
Fair value of plan assets	10,115	9,584
Present value of funded obligations	(9,581)	(10,220)
	<hr/>	<hr/>
Net pension surplus/(deficit)	534	(636)
	<hr/>	<hr/>

The net pension surplus in the current year, in accordance with FRS 102, is not recognised in the balance sheet as the company is unable to recover this surplus from the pension scheme.

Changes in the fair value of the pension plan assets were as follows:

	2022 £000	2021 £000
Opening plan assets	9,584	8,814
Interest income	179	200
Actual return on plan assets (excluding interest income)	693	771
Administration expenses	(50)	(94)
Contributions by charity	100	350
Contributions by scheme participants	2	8
Benefits paid	(393)	(465)
	<hr/>	<hr/>
Closing plan assets	10,115	9,584
	<hr/>	<hr/>

Notes to the financial statements

23 Pensions and other post-retirement benefits - continued

Changes in the present value of the defined benefit obligations were as follows:

	2022 £000	2021 £000
Opening defined benefit obligation	10,220	9,073
Current & past service cost	15	40
Interest expense	191	204
Contributions by scheme participants	2	8
Benefits paid	(393)	(465)
Actuarial (gains)/losses	(454)	1,360
Closing defined benefit obligation	9,581	10,220

The amount that each major class of pension plan assets constitutes of the fair value of the total plan assets was as follows:

	2022 £000	2021 £000
Equity instruments	-	-
Bonds	813	813
Cash	(39)	176
Other assets	-	-
Pooled investment vehicle	5,015	4,680
Liability driven investments	1,932	1,724
Diversified credit funds	2,394	2,191
	10,115	9,584

The return on plan assets was as follows:

	2022 £000	2021 £000
Interest income	179	200
Actual return on plan assets (excluding interest income)	693	771
Total return on plan assets	872	971

The principal actuarial assumptions used were as follows:

	2022	2021
Discount rate	2.7%	1.9%
RPI inflation	3.8%	3.3%
CPI inflation	3.3%	2.8%
Expected rates of salary increases	3.1%	2.6%
Expected rates of pension increases RPI linked	3.8%	3.2%
Expected rates of pension increases CPI linked	3.3%	2.8%
Expected rates of pension increases (5% or RPI if less)	3.7%	3.3%
Expected rates of pension increases (5% or CPI if less)	3.2%	2.8%

Notes to the financial statements

23 Pensions and other post-retirement benefits - continued

Mortality after retirement	100% S3PMA_H/100% S3PFA_M CMI_2021_M/F [1.25%] (yob)	100% S3PMA_H/100% S3PFA_M CMI_2020_M/F 1.25% (yob)
Mortality before retirement	As per post retirement	As per post retirement
Life expectancy for a current individual aged 65:		
Males	19.7 (2021: 19.8)	
Females	23.8 (2021: 23.8)	
Life expectancy at age 65 for a current individual aged 45:		
Males	21.2 (2021: 21.1)	
Females	25.2 (2021: 25.3)	

Church of England Funded Pension Scheme (CEFPS)

The total movements recognised in the period were as follows:	2022	2021
	£000	£000
Net interest income/expense	-	2
Deficit contribution paid	(47)	(83)
Re-measurement of the balance sheet liability	(5)	6
Total	(52)	(75)

Church Army participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in the year and were £240k (2021: £310k), of which £47k (2021: £83k) were towards the scheme deficit.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumption

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter" of 7 and an initial addition to mortality improvements of 0.5% pa.

Notes to the financial statements

23 Pensions and other post-retirement benefits - continued

Church of England Funded Pension Scheme (CEFPS) continued

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2019, 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2021 and over 2022 is set out in the table below.

	2022 £000	2021 £000
Opening balance sheet liability	104	179
Deficit contribution paid	(47)	(83)
Interest cost (recognised in SOFA)	-	2
Remaining change to the balance sheet liability* (recognised in SOFA)	(5)	6
Closing balance sheet liability	52	104
Split of liability:	2022 £000	2021 £000
Creditors: amounts falling due within one year (note 17)	(47)	(25)
Creditors: amounts falling due after more than one year (note 19)	(5)	(79)
	(52)	(104)

*Comprises change in agreed deficit recovery plan and change in discount rate and assumptions between year-ends.

Notes to the financial statements

23 Pensions and other post-retirement benefits - continued

Church of England Funded Pension Scheme (CEFPS) continued

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	December 2021	December 2020	December 2019
Discount rate	0.0% pa	0.2% pa	1.1% pa
Price inflation	n/a	3.1% pa	2.8% pa
Increase to total pensionable payroll	-1.5% pa	1.6% pa	1.3% pa

The legal structure of the scheme is such that if another Responsible Body fails, Church Army could become responsible for paying a share of that Responsible Body's pension liabilities.

24 Operating lease commitments

At 31 March 2022 the group had lease agreements in respect of various properties, for which the payments extend over a number of years. The total future minimum lease payments are as follows:

	2022 £000	2021 £000
Not later than one year	45	18
Later than one and not later than five years	6	13
Later than five years	-	-
	<u>51</u>	<u>31</u>

The lease payments recognised as an expense in the year were £152k (2021: £128k).

25 Capital commitments

There are no capital commitments as at 31 March 2022 (2021: £73k for refurbishment of the drop-in centre at the Marylebone project and Sheffield premises).

26 Contingent liabilities

In 2019 Church Army provided support to a venture seeking to establish a Community and Retreat centre for young people using the buildings of a former convent. As part of this support Church Army employed the staff and signed the lease for the site, with the expectation that these would be formally transferred across to the new charity once it became established. While refurbishment of the buildings commenced as planned, Covid had a significant impact on the wider plans for the venture and in the spring of 2022 the Trustees of that venture decided to close down the project. At the date of signing these accounts Church Army is in the process of negotiating a settlement with the Freeholder of the site to exit the lease early. A claim for £356,000 has been made by the Freeholder for dilapidations which is being disputed and at this stage it is not possible to assess the likely outcome and so the amount of the claim cannot be reliably measured.

Notes to the financial statements

27 Related party transactions

Trustee and key management personnel transactions are disclosed in note 12.

Transactions with the Church Army Pension Scheme (CAPS) are disclosed in note 23. At the year end a balance is due to the scheme of £nil (2021: £221k).

Church Army acts as sole trustee to Portman House Trust and also landlord for two of the three properties which make up the project. The rent for the properties is negotiated on an arm's length basis using third party professional valuations and on a five yearly review cycle, in the year 2021/22 rent amounted to £234k (2020/21: £234k). Church Army also apportions some of its own administrative and management costs to the Portman House Trust covering services such as building management, health and safety, accounting and payroll which are calculated on a time basis as is senior management. Group incurred insurance is apportioned based on employee costs. The total of these recharges for the year was £120k (2021: £160k).

28 Prior year restatement

There has been a reanalysis between designated funds and general funds in the prior year to align the designated fixed asset fund with the value of fixed assets on the balance sheet. This has not affected the overall unrestricted fund position.