

**THE SALVATION ARMY OFFICERS' PENSION FUND**

**ANNUAL REPORT**

**FOR THE YEAR ENDED**

**31 MARCH 2025**

**CHARITY REGISTRATION NUMBER: 230791**

**THE SALVATION ARMY OFFICERS' PENSION FUND**

**CONTENTS**

	<b>Page</b>
Report of the Salvation Army Pension Fund Board	2 to 7
Accounts	8 to 14
Auditors' Report	15 to 17
Actuary's Statement	18

## **THE SALVATION ARMY OFFICERS' PENSION FUND**

### **REPORT OF THE SALVATION ARMY PENSION FUND BOARD**

The members of The Salvation Army Officers' Pension Fund present their annual report together with the financial statements of the Fund for the year ended 31 March 2025.

#### **CONTROLLING BODY**

The Fund is under the control of a Board, which is constituted by the Second Schedule of the Salvation Army Act 1963. This consists of six ex officio members, under the Chairmanship of the Territorial Commander for the time being of The Salvation Army United Kingdom and Ireland Territory, and three other Officers of the Army, appointed by the Board and whose terms of office may be determined by the Board. The members of the Board who served during the year and those serving at the date of approval of the Annual Report were:

Commissioner P. Main Territorial Commander  
 Commissioner G. Niemand  
 Commissioner R. Maxwell up to 1<sup>st</sup> April 2025  
 Colonel P. Forrest  
 Lieut-Colonel P. Kingscott from 1<sup>st</sup> May 2024  
 Lieut-Colonel B. McCombe up to 31<sup>st</sup> August 2025  
 Lieut-Colonel A. McCombe  
 Lieut-Colonel A. Read up to 30<sup>th</sup> April 2024  
 Major C. Daws up to 30<sup>th</sup> June 2025  
 Major R. Waters  
 Major Tara McGuigan from 2<sup>nd</sup> April 2025  
 Major Inga Longmore from 1<sup>st</sup> September 2025  
 Lieut-Colonel Lisa Lloyd-Jones from 1<sup>st</sup> September 2025

#### **PROFESSIONAL ADVISORS**

- |    |                                      |  |
|----|--------------------------------------|--|
| 1. | Actuaries and Investment Consultant: | Messrs. BWCI Consulting Limited<br>Albert House<br>St Peter Port<br>Guernsey GY1 1AW |
| 2. | Auditors:                            | Knox Cropper LLP<br>65-68 Leadenhall Street<br>London EC3A 2AD                       |
| 3. | Solicitors:                          | Messrs. Slaughter & May<br>One Bunhill Row<br>London EC1Y 8YY                        |
| 4. | Bankers:                             | Reliance Bank Limited<br>Faith House,<br>23-24 Lovat Lane,<br>London EC3R 8EB        |
| 5. | Investment Advisor:                  | Investment Advisory Committee of The Salvation Army                                  |
| 6. | Investment Managers:                 | Sarasin & Partners LLP<br>100 St. Paul's Churchyard,<br>London EC4M 8BU              |
|    |                                      | Legal & General Investment Management (LGIM)<br>1 Coleman Street<br>London EC2R 5AA  |

**THE SALVATION ARMY OFFICERS' PENSION FUND**

**REPORT OF THE SALVATION ARMY PENSION FUND BOARD (CONTINUED)**

**ADDRESS OF SCHEME**

The Salvation Army Officers' Pension Fund  
The Salvation Army Territorial Headquarters  
1 Champion Park, London, SE5 8JF

**ORIGINATING INSTRUMENT:** Salvation Army Act 1963

**CONSTITUTION AND PURPOSES**

The Salvation Army Officers' Pension Fund was established for two main purposes:

"..... to pay pensions to those Officers who (immediately before the implementation of the Act) were in receipt of retirement allowances from any of the Salvation Army undertakings", and

"..... to pay pensions and allowances and to make grants to Officers who may retire on or at any time after the appointed day whether by reason of having reached retirement age or on grounds of ill-health or of other disability or on any other grounds which, in the opinion of the Board, justify the payment of a pension or the making of an allowance or grant (as the case may be)."

The Act also states that:

"The pension fund shall be non-contributory and nothing in this Act shall confer any right on any officer or other person to receive or continue to receive a pension or a pension of any particular amount."

It will be seen, therefore, that the Fund is a Pension Fund, as this term is generally understood, in name only, since it has no members and the payments are according to rules which may be redefined at the discretion of the Board.

The fund is a registered Charity (No. 230791).

**TAX STATUS**

The Scheme is a deemed Registered Pension Scheme and adheres to HMRC regulations.

**ANNUAL REPORT**

The Salvation Army Officers' Pension Fund is exempt from S47(1)(a) and S47(1)(b) of the 1995 Pensions Act, and the regulations thereunder, and the requirement to produce an annual report including an audit report and actuarial statement is governed by the Salvation Army Act 1963.

During the year there were no contributions to the Fund and, after payment of benefits and administrative expenses, this resulted in net withdrawals from dealings with Officers of £9.67m. In addition, as a result of the continued volatility of the financial markets, net returns on investments disclosed an outflow of funds this year of £8.58m. Overall, the Fund has disclosed a net decrease in funds for the year of £18.26m.

**THE SALVATION ARMY OFFICERS' PENSION FUND****REPORT OF THE SALVATION ARMY PENSION FUND BOARD (CONTINUED)****RISK MANAGEMENT**

The Trustees have overall responsibility for internal controls and risk management. They are committed to identifying, evaluating and managing risk and to implementing and maintaining control procedures to reduce significant risks to an acceptable level. In order to meet this responsibility the Trustees have adopted a risk policy. The objective of this policy is to limit the exposure of the Trustees and the assets that they are responsible for safeguarding to business, financial, operational, compliance and other risks, where possible. The Trustees keep risk management and internal controls constantly under review.

The Trustees have established and keep under review a Risk Register. The purpose of the Risk Register is:

- To highlight risks to which the Fund is exposed from the Trustees' perspective;
- To rank those risks in terms of likelihood and impact; and
- To identify management actions that are either currently being taken, or that are believed should be taken, in order to mitigate those risks.

**STATEMENT OF PENSION FUND BOARD'S FINANCIAL RESPONSIBILITIES**

The Pension Fund Board is responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The Salvation Army Act 1963 requires the Pension Fund Board members to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Fund for that period.

In preparing the accounts, they are required to select suitable accounting policies and apply them consistently; make judgements and estimates that are reasonable and prudent; state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and prepare the accounts on a going concern basis when it is appropriate to presume that the Fund will continue to operate.

They are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Fund and to enable them to ensure that the accounts comply with recommended practice. They are also responsible for safeguarding the assets of the Fund and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**ACTUARIAL POSITION**

The Fund is subject to triennial valuations. The most recent full actuarial valuation was carried out by BWCI Consulting Limited as at 31 March 2022 whose actuarial statement is set out on page 18. A full actuarial valuation as at 31 March 2025 is currently underway and is expected to be finalised in Quarter 1 of the calendar year of 2026. Preliminary results of this exercise were made available on 29th September 2025.

## **THE SALVATION ARMY OFFICERS' PENSION FUND**

### **REPORT OF THE SALVATION ARMY PENSION FUND BOARD (CONTINUED)**

#### **INVESTMENTS**

The Fund's investment policy is determined by the Board, under the advice of the Investment Advisory Committee of The Salvation Army (IAC) and its Statement of Investment Principles is summarised below. The Salvation Army maintains a Code of Ethical Practice to ensure its funds are invested to reflect its ethical and moral stance.

The Board's objective is to invest the assets of the Fund in the best interests of beneficiaries. It aims to generate sufficient return, at appropriate levels of risk and in line with the Ethical Code, to enable the Fund to meet its future liabilities. The Board recognises that investment in a small number of asset classes or individual investments increases the risk of significant loss over a short period of time and believes that the need for an adequately diversified overall investment portfolio is met by the benchmark and ranges set out below.

In addition, the Board has selected a passive investment manager (LGIM) and an active investment manager (Sarasin) to provide diversification by manager and by investment style. Each investment manager is expected to take investment decisions with regard to a suitable level of diversification being maintained within asset classes.

Investments managed by Sarasin and Partners LLP are held with The Bank of New York Mellon who act as custodian for the assets. Investments managed by LGIM are held with HSBC Bank PLC and Citibank, NA (London Branch).

The Fund's benchmarks and ranges of distribution are as follows.

Overall asset allocation,

<b><i>Asset Category</i></b>	<b>Long term target asset allocation</b>	<b>Permitted range</b>	<b>Performance Benchmark</b>
Overseas Equities	30.00%	+/- 5%	FTSE Custom All World ex UK Specialist Ethical (Net WHT) Index
Long dated UK corporate bonds	35.00%	+/- 5%	ICE BofAML 15+ Year Sterling Non-Gilt Index
Index-Linked Gilts	35.00%	+/- 5%	37% FTSE A UK Index-Linked Gilts Over 15 Years Index, 63% FTSE A UK Index-Linked Gilts Under 15 Years Index
Cash	0.00%	+ 5%	
<b><i>TOTAL</i></b>	<b>100%</b>		

Active manager asset allocation,

<b><i>Asset Category</i></b>	<b>Asset allocation</b>	<b>Permitted range</b>	<b>Performance Benchmark</b>
Long dated UK Corporate Bonds	100.0%	- 5%	ICE BofAML 15+ Year Sterling Non-Gilt Index
Cash	0.0%	+ 5%	
<b><i>TOTAL</i></b>	<b>100.0%</b>		

The investment manager is allocated 100% of the overall property allocation on an execution only service. The allocation to property is managed by the Board and delegated to the IAC.

**THE SALVATION ARMY OFFICERS' PENSION FUND**

**REPORT OF THE SALVATION ARMY PENSION FUND BOARD (CONTINUED)**

**INVESTMENTS (Continued)**

Passive manager asset allocation,

<i><b>Asset fund category</b></i>	<b>Asset allocation</b>	<b>Permitted range</b>	<b>Performance Benchmark</b>
Overseas Equities	46.00%	+/- 2%	FTSE Custom All World ex UK Specialist Ethical (Net WHT) Index
Index-Linked Gilts over 15 years	20.00%	+/- 2%	FTSE A UK Index-Linked Gilts Over 15 Years Index
Index-Linked Gilts under 15 years	34.00%	+/- 2%	FTSE A UK Index-Linked Gilts Under 15 Years Index
<b><i>TOTAL</i></b>	<u>100%</u>		

A full analysis of the investment portfolio is set out in Note 7 to the financial statements.

The analysis of investments (at bid market value) as at 31 March 2025 was as follows:

	<b>Market Value</b>	
	£	%
UK Equities	-	-
Overseas Equities	-	-
UK Bonds	75,153,209	31
Property	-	-
Managed Funds	159,859,710	67
Cash	<u>2,738,287</u>	<u>2</u>
	<u>£237,751,206</u>	<u>100%</u>

Legal & General Custom UK Equity Index Fund had a market value of £20,669 at the year-end (2024: £29,746). Legal & General Custom All World ex UK Equity Index Fund had a market value of £73,105,142 at the year-end (2024: £78,907,145). Legal & General Under 15 year Index-linked Gilts had a market value of £56,221,665 (2024: £55,072,058). Legal & General over 15 year Index-linked Gilts had a market value of £30,512,234 (2024: £33,916,687).

The Fund performance against benchmark over 1 and 3 years was as follows:

	<b>Performance over 1 year (%)</b>		<b>Performance over 3 years (%pa)</b>	
	Fund	Benchmark	Fund	Benchmark
Sarasin	-5.2	-4.6	-6.9	-6.0
Legal & General	-1.3	-1.4	2.8	2.8
OPF Consolidated	-2.6	-2.4	-1.4	0.9

**THE SALVATION ARMY OFFICERS' PENSION FUND**

**REPORT OF THE SALVATION ARMY PENSION FUND BOARD (CONTINUED)**

Approved by the Trustees on 29 September 2025

SIGNED ON BEHALF OF THE BOARD

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**Lieut-Colonel P. Kingscott**



**THE SALVATION ARMY OFFICERS' PENSION FUND****FUND ACCOUNT****FOR THE YEAR ENDED 31 MARCH 2025**

	<b>Notes</b>	<b>2025</b> £	<b>2024</b> £
<b>CONTRIBUTIONS AND BENEFITS</b>			
Contributions Receivable	1(b), 3	-	-
Transfers in		-	-
		-	-
Benefits Payable	4	9,328,120	8,891,257
Transfers out		-	-
Administrative Expenses	5	345,881	269,829
		9,674,001	9,161,086
<b><i>Net Additions/(Withdrawals) from Dealings with Officers</i></b>		(9,674,001)	(9,161,086)
<b>RETURNS ON INVESTMENTS</b>			
Investment Income	1(b), 6	4,364,074	2,179,890
Change in Market Value of Investments	7	(12,554,535)	(2,451,413)
Investment Management Fees		(392,797)	(327,583)
<b><i>Net Returns on Investments</i></b>		(8,583,258)	(599,106)
<b>NET INCREASE/(DECREASE) IN THE FUND DURING THE YEAR</b>		(18,257,259)	(9,760,192)
<b>NET ASSETS OF THE SCHEME</b>			
<b><i>At 1 April 2024</i></b>		258,768,460	268,528,652
<b><i>At 31 March 2025</i></b>		£240,511,201	£258,768,460

**THE SALVATION ARMY OFFICERS' PENSION FUND****STATEMENT OF NET ASSETS****AS AT 31 MARCH 2025**

	<b>Notes</b>	<b>2025</b> £	<b>2024</b> £
<b>INVESTMENT ASSETS</b>			
Bonds	7	75,153,209	86,959,737
Equities	7	-	-
Property Fund	7	-	-
Legal & General UK Fund	7	20,669	29,746
Legal & General Worldwide Fund	7	-	-
Legal & General Under 15 year Index-linked Gilts	7	56,221,665	55,072,058
Legal & General Over 15 year Index-linked Gilts	7	30,512,234	33,916,687
Legal & General Worldwide Index Fund	7	73,105,142	78,907,145
Cash Deposits	7	2,738,287	754,412
		<u>237,751,206</u>	<u>255,639,785</u>
<b>CURRENT ASSETS</b>	8	3,015,707	3,276,561
<b>CURRENT LIABILITIES</b>	9	(255,712)	(147,886)
<b>TOTAL NET ASSETS AT 31 MARCH</b>		<u>£240,511,201</u>	<u>£258,768,460</u>

These financial statements were approved by the board on 29 September 2025

Signed on behalf of the board:

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**Lieut-Colonel P. Kingscott**

**THE SALVATION ARMY OFFICERS' PENSION FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2025**

**1. ACCOUNTING POLICIES**

- (a) The Financial Statements have been prepared in accordance with Financial Reporting Standard 102 – the Financial Reporting Standard applicable in the UK and Republic and Ireland issued by the Financial Reporting Council and with the guidance set out in the Statement of Recommended Practice: Financial Reports of Pension Schemes (2018). The presentational currency is pounds sterling.
- (b) Income:
- (i) Contributions are taken into account on an accruals basis at the rates presently agreed between the Pension Fund Board and The Salvation Army on the recommendation of the Consulting Actuaries.
  - (ii) Investment income is accounted for on an accruals basis, dividend income being accounted for when the investment is quoted "ex - div".
- (c) Expenditure:  
Expenditure is accounted for on the accruals basis. Benefits payable are included in the financial statements in respect of entitlement up to the year end in accordance with the rules of the Fund.
- (d) Investments:  
Investments are included at their fair value at the accounting year end based on bid market price listings or, in the case of unitised pooled investments, on the latest available bid price or single price provided by the pooled investment manager.

**2. ACTUARIAL VALUATION**

The accounts summarise the transactions and net assets of the Fund. They do not take account of payment of pensions and benefits which fall after the end of the Fund year. The actuarial position of the Fund, which does take account of anticipated future payments, is dealt with in the statement by the actuary on page 18 and these financial statements should be read in conjunction therewith. This statement relates to the Actuarial Valuation as at 31 March 2022.

**3. CONTRIBUTIONS RECEIVABLE**

	<b>2025</b>	<b>2024</b>
	£	£
Ordinary Annual Contribution	-	-
Annual Capital Contribution	-	-
Special Contribution	-	-
	<hr/>	<hr/>
	£-	£-
	<hr/>	<hr/>

The Salvation Army undertakings have not paid any contributions in this financial year.

**THE SALVATION ARMY OFFICERS' PENSION FUND****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2025****4. BENEFITS PAYABLE**

	<b>2025</b>	<b>2024</b>
	£	£
Pensions to retired Officers	8,231,899	7,969,606
Lump Sum Retirement Grants	1,096,221	921,651
Transfers	-	-
	<u>£9,328,120</u>	<u>£8,891,257</u>

**5. ADMINISTRATIVE EXPENSES**

	<b>2025</b>	<b>2024</b>
	£	£
The Salvation Army Management Charge	54,806	49,969
Auditors Remuneration		
Audit Fees	16,320	15,900
Actuarial Fees	39,930	38,120
Other Professional Fees	233,149	165,830
Other Expenses	1,676	10
	<u>£345,881</u>	<u>£269,829</u>

**6. INVESTMENT INCOME**

	<b>2025</b>	<b>2024</b>
	£	£
Income from Fixed Interest Securities	4,234,321	1,611,923
Dividends from Equities	-	-
Income from Property Fund	-	491,682
Interest on Cash Deposits	129,753	76,285
	<u>£4,364,074</u>	<u>£2,179,890</u>

**THE SALVATION ARMY OFFICERS' PENSION FUND****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2025****7. INVESTMENTS**

	<b>Market Value 01/4/24</b>	<b>Purchases at Cost</b>	<b>Sales Proceeds</b>	<b>Change in Market Value</b>	<b>Market Value 31/03/25</b>
	£	£	£	£	£
Bonds	86,959,737	23,354,736	(24,613,105)	(10,548,159)	75,153,209
Equity Funds	78,936,891	-	(9,688,801)	3,877,721	73,125,811
Equities	-	-	-	-	-
Gilt Funds	88,988,745	3,629,251	-	(5,884,097)	86,733,899
Property Fund	-	-	-	-	-
	<u>254,885,373</u>	<u>£26,983,987</u>	<u>£(34,301,906)</u>	<u>£(12,554,535)</u>	<u>235,012,919</u>
Cash Deposits	<u>754,412</u>				<u>2,738,287</u>
	<u>£255,639,785</u>				<u>£237,751,206</u>

The change in market value of investments during the year comprises all increases and decreases in market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

For Equity Funds, the change in market value also includes in respect of the underlying investments, any income generated, transactions costs and sale proceeds in respect of the purchase or sale of those investments. The value of these costs and revenues are not separately identified.

	<b>2025 Market Value £</b>	<b>2024 Market Value £</b>
<b>BONDS</b>		
<b>Fixed Interest Securities</b>		
Corporate Bonds	75,153,209	86,959,737
UK Gilts	-	-
Overseas Corporate Bonds	-	-
Overseas Government Bond Funds		
	<u>86,733,899</u>	<u>88,988,745</u>
	<u>161,887,108</u>	<u>175,948,482</u>
<b>Equity Funds</b>		
UK Quoted	20,669	29,746
Overseas	<u>73,105,142</u>	<u>78,907,145</u>
	<u>73,125,811</u>	<u>78,936,891</u>
<b>EQUITIES</b>		
UK Quoted	-	-
Overseas	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>PROPERTY FUND</b>	<u>-</u>	<u>-</u>
<b>CASH DEPOSITS</b>		
<b>Brokers Balances</b>		
Sterling	<u>2,738,287</u>	<u>754,412</u>
<b>TOTALS</b>	<u>£237,751,206</u>	<u>£255,639,785</u>

**THE SALVATION ARMY OFFICERS' PENSION FUND****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2025****7. INVESTMENTS (Continued)****Investment fair value hierarchy**

The fair value of investments has been determined using the following fair value hierarchy:

- Level 1      The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2      Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.
- Level 3      Inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

The Fund's investment assets and liabilities have been fair valued using the above hierarchy levels as follows:

<b>As at 31 March 2025</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	£	£	£	£
UK Bonds	75,153,209	-	-	75,153,209
Equity Funds (pooled investment vehicles)	-	73,125,811	-	73,125,811
Gilt Funds (pooled investment vehicles)	-	86,733,899	-	86,733,899
Equities	-	-	-	-
Property	-	-	-	-
Cash	2,738,287	-	-	2,738,287
	<u>£77,891,496</u>	<u>£159,859,710</u>	<u>£ -</u>	<u>£237,751,206</u>

<b>As at 31 March 2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	£	£	£	£
UK Bonds	86,959,737	-	-	86,959,737
Equity Funds(pooled investment vehicles)	-	78,936,891	-	78,936,891
Gilt Funds (pooled investment vehicles)	-	88,988,745	-	88,988,745
Equities	-	-	-	-
Property	-	-	-	-
Cash	754,412	-	-	754,412
	<u>£87,714,149</u>	<u>£167,925,636</u>	<u>£ -</u>	<u>£255,639,785</u>

**Investment risks**

FRS 102 requires the disclosure of information in relation to certain investment risks.

**Credit risk:** this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

**Market risk:** this comprises currency risk, interest rate risk and other price risk.

**Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.

**Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.

**THE SALVATION ARMY OFFICERS' PENSION FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2025**

**7. INVESTMENTS (Continued)**

**Other price risk:** this is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is subject to credit risk because it directly invests in bonds. This risk is mitigated by investing in government bonds where the credit risk is minimal, or corporate bonds which are rated at least investment grade.

Currency risk arises on the Fund's equities held in overseas markets and indirectly from the underlying investments held in the overseas equities fund. The Trustees have set a benchmark limit to overseas currency exposure of 27.5% of the total portfolio value.

The Fund is subject to interest rate risk because some of its investments are held in bonds and cash. The Trustees have set a benchmark for total investment in bonds of 30% and cash of 5% of the total investment portfolio.

Other price risk arises principally in relation to the Fund's return seeking portfolio which includes directly held equities, indirectly held equities in the UK and overseas equity funds and the property fund unit trust. The Trustees have set a benchmark for total investment in property of 10% of the total investment portfolio.

**8. CURRENT ASSETS**

	<b>2025</b>	<b>2024</b>
	£	£
<b>Debtors:</b>		
Accrued Dividends	-	-
Accrued Interest	1,828,696	1,778,759
Amounts due from Central Funds	-	165,763
<b>Cash at Bank:</b>		
Current Account	923,906	1,074,370
Deposit Account	263,105	257,669
	<u>£3,015,707</u>	<u>£3,276,561</u>

**9. CURRENT LIABILITIES**

	<b>2025</b>	<b>2024</b>
	£	£
Amounts due to Central Funds	(47,897)	-
Sundry Creditors	(207,815)	(147,886)
	<u>£(255,712)</u>	<u>£(147,886)</u>

**10. RELATED PARTY TRANSACTIONS**

The administration of the Fund is undertaken by The Salvation Army Trust, which has levied a management charge of £54,806 for the year (2024: £49,969). At the year-end a net balance of £47,897 was due to Central Funds (2024: £165,763 due from Central Funds). The Fund's banker is Reliance Bank Limited, which is a subsidiary company of The Salvation Army International Trust. At the year end, the Fund had bank balances of £1,187,011 (2024: £1,332,038) with the Bank.

**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF THE BOARD OF**  
**THE SALVATION ARMY OFFICERS' PENSION FUND**

**OPINION ON FINANCIAL STATEMENTS**

We have audited the financial statements of The Salvation Army Officers' Pension Fund for the year ended 31 March 2025, which comprise the Fund Account, the Statement of Net Assets and the 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 FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Members of the Board, as a body, in accordance with Section 145 of the Charities Act 2011 and regulations made under Section 154 of that Act and with The Salvation Army Act 1963. Our audit work has been undertaken so that we might state to the Members those matters we are required to state to them in an auditors' 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 Pension Fund and the Members for our audit work, for this report or for the opinions we have formed.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2025, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011 and the requirements of The Salvation Army Act 1963.

**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 Pension Fund 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 Fund's ability to continue as a going concern for a period of at least 12 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 Members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

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



**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF THE BOARD OF**  
**THE SALVATION ARMY OFFICERS' PENSION FUND**

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

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

**RESPONSIBILITIES OF PENSION FUND BOARD**

As described on page 4, the Pension Fund Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Members 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 Members are responsible for assessing the Pension Fund'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 Members either intend to liquidate the Pension Fund or to cease operations, or have no realistic alternative but to do so.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

We have been appointed as auditor and report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with The Salvation Army Act 1963. 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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- 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 and focused on the laws and regulations applicable to the Fund through discussions with management, and from our knowledge and experience of the sector. We then assessed the extent of compliance with these laws and regulations through enquiries and review of the documented policies, procedures and controls;

**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF THE BOARD OF**  
**THE SALVATION ARMY OFFICERS' PENSION FUND**

- We assessed the susceptibility of the Fund's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by considering the key risks impacting the financial statements. These included risks associated with revenue recognition, application of accounting estimates, management override of controls and the monitoring of beneficiaries;
- Our approach included agreeing the recognition of income to the current Summary of Actuarial Valuation attached to these financial statements as agreed with the participating employers, using analytical and other substantive procedures to agree benefits payable for the year, review of journal entries processed in the accounting records and the investigation of significant and unusual transactions identified from our review of the accounting records.
- Based on our understanding we designed our audit procedures to identify non-compliance with the relevant laws and regulations. These procedures included review of reporting to the Board members with respect to the application of documented policies and procedures and a review of the financial statements to ensure compliance with the Fund's reporting requirements.

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

**KNOX CROPPER LLP**  
**65 Leadenhall Street**  
**London, EC3A 2AD**

**Chartered Accountants**  
**Statutory Auditors**

**Date:**

Knox Cropper LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

## **THE SALVATION ARMY OFFICERS' PENSION FUND**

### **SUMMARY OF ACTUARIAL VALUATION**

An actuarial valuation of the Fund was carried out as at 31 March 2022. The main purposes of the valuation were to review the financial position of the Fund at that date and to help establish the contributions payable to the Fund in the future.

The valuation assumed that the Fund would continue as a going concern. In order to carry out the valuation, the actuary made a number of assumptions based on economic conditions at the valuation date, on prospective investment returns and regarding longevity of Officers. However, changes in market values of the assets and in market conditions after the valuation date may mean that the assumptions and market values on which it is based are no longer appropriate. The Fund's funding position could have changed significantly since the valuation and this could affect the contributions payable in the future.

The main economic assumptions used in the calculations were as follows:

Price inflation	4.0% pa
Rate of increase in allowances	4.5% pa
Rate of pension increases	4.5% pa
Rate of deferred pension increases	4.5% pa
Pre-retirement discount rate	3.7% pa
Post-retirement discount rate	2.9% pa
Management expenses (other than investment related expenses)	5.0% of the future ordinary contributions
Assets	Market value

The valuation revealed a funding surplus of £31,310,000 and a funding ratio of 96.0%. After taking into account the cost of benefits accruing in the future and the future expected ordinary contributions, the overall shortfall was £12,571,000

Following the completion of the 31<sup>st</sup> March 2022 actuarial valuation, The Salvation Army undertakings have not paid any contributions in this financial year. This decision will be reconsidered following the 31<sup>st</sup> March 2025 actuarial valuation.

Diana Simon  
BWCI Consulting Limited  
Consulting Actuaries