

THE PILGRIMS FRIEND GROUP

Group Financial Statements For the year ended 31 March 2023



COMPANY NUMBER 07169875
CHARITY NUMBER 1134979

Contents of the financial statements

Page	
1 - 8	Trustees' report
9	Consolidated statement of financial activities
10	Consolidated balance sheet
11	Company balance sheet
12	Consolidated statement of cash flows
13 - 31	Notes to the financial statements
32	Statutory information
33 - 35	Independent auditor's report

The trustees present their report together with the financial statements of the group for the year ended 31 March 2023. The trustees' report incorporates the directors' report and the strategic report prepared for the purposes of company law. The statutory information is listed on page 31.

MISSION REVIEW

Our vision is to see older people leading fulfilled lives. This means that older people know Jesus, have their physical needs met, and receive the Christian encouragement, care, and support that they need to be fruitful and productive, and live with dignity.

Our goals are to have a growing network of residential care homes and independent living housing schemes through which more people receive excellent Christian care and support, and alongside which we will develop local partnerships between our homes and housing and churches to encourage work amongst older people in the community.

Our values

Compassion is at the heart of how we interact with people. We offer loving care through relationships based on empathy respect and dignity. We get alongside people and show grace to those who are struggling and do what we can to ease people's burdens. We find new ways to care well for older people.

Community is central to human flourishing. We are a community of people who share life together, celebrating victories and supporting each other during challenging times. We share what we do and our vision for the future with others in the wider community.

Transparency is being honest and open which is crucial to doing good work. We are honest, open about challenges and looking for solutions. We listen respectfully to each other and when we disagree, we do so without conflict, and we use mistakes as opportunities to learn and grow.

Excellence is what we strive for in our work. We strive for excellence, making sure that we go above and beyond in our work. We do go the extra mile to do things as well as we possibly can. We steward our resources carefully and take opportunities to get better at the work we do.

Our work and culture

Over recent years we have worked hard to embed three key features in our work and culture: our values, our bespoke approach to living with older people, The Way We Care, and our Activities and Community Engagement Programme.

After launching our values in 2021, we have seen them being rooted across our workforce as they have provided a great framework for establishing a culture which is compassionate, community-orientated, transparent, and striving for excellence. This structure empowers teams and individuals to make good decisions, interact well with each other, and have a clear common sense of what is expected of themselves and each other.

The values are frequently referenced in staff communications and form a basis for team training and development. They are now embedded in staff appraisals and surveys, encouraging each team member to consider how they are embodying the values as well as finding new ways to root them in personal and corporate practice.

"The values are a really helpful tool for encouraging our teams to work well together, especially as we rise to challenges and resolve conflict." Karen, Business Manager at Finborough Court

The Way We Care is the Pilgrims' Friend Society bespoke approach to care which sets us apart in our provision of care for older people. At the heart of The Way We Care is the understanding that every person living with us is made in the image of God and therefore must be treated as a valued individual who has things to contribute to the life of the community within which they live.

As part of The Way We Care we call those who live with us "family members" as we create communities which are rooted in the idea of being a special kind of family together. As each new "family member" comes to live with us their preferences and

personal history is gathered and informs all aspects of their care. It also impacts the kind of activities that are delivered in the home so that each person feels comfortable and welcome in the social context.

An important aspect of The Way We Care is about how those living with dementia can flourish in our homes. We employ Hummingbirds specifically to spend time with those who live with us, whether that's 30 seconds holding a hand and singing a familiar song or hymn, or five minutes looking at a family photo album.

During 2022-2023 we have employed more The Way We Care Leads who have responsibility for embedding this approach throughout the home, helping carers to take person-centre approach, rather than a task-centred approach, to the delivery of care.

"It's important for the people living here to still have a purpose so that they feel they can contribute to the home and the world around them." Jeanette, Registered Care Manager at Evington

Our Activities and Community Engagement (ACE) Programme has flourished this year as the impact of Covid-19 has receded and we've been able to welcome more volunteers into our homes and make more connections with the communities around our homes. This has meant that visits from schools, churches, and other groups such as choirs are a regular function of life in our homes and that our ACE Facilitators have been able to get out and about more in their local communities.

There have been many examples of community engagement and the three examples that follow are typical of a rich programme. In January, Lunar New Year was marked with a visit from a local school at Bethany Christian Home in Plymouth, and in February the worship group from Trinity Church in Chippenham led a time of worship at the Harvest Coffee Shop, part of Middlefields House. In March, our home in Walton-on-the-Naze, Luff House welcomed a local group of scouts for a session of games and activities.

"Nothing ever seems too much trouble for the staff respecting care for my mother, and it is very reassuring to know that she is in extremely safe hands in a lovely Christian environment in these latter years of her life." Daughter of family member at our care home Koinonia in Worthing.

Our staff

People are at the heart of what we do with our supportive and caring Christian communities not only providing a wonderful care and support for older people but also creating a great working environment for our staff.

In recognising the extraordinary value of our staff, we have invested heavily in training and recruitment, particularly in our care staff. The Way We Care continues to be embedded throughout our care homes with several The Way We Care Leads being recruited to champion it within the home.

"All the training and opportunities I've had has helped me to care for the family at Framland even better, which is what I love." Nicole, The Way We Care Lead at Framland.

Investment in recruitment has meant that staff vacancies rates have reduced significantly over the year, providing some helpful respite from the pressures of finding the right people and reducing agency costs. We have also invested in platforms such as Perkbox and CareFriends to reward staff and incentivise them to champion Pilgrims' Friend Society as an employer. Our staff survey conducted twice a year provides a formal opportunity for staff to feedback and for the charity to respond and told us that our colleagues are highly engaged and motivated.

We have made leadership development a key area of investment for our Senior Management Team and have made progress in integrating technological systems which streamline systems throughout the organisation.

Growing for the future

We want to see our unique model of Christian care replicated and repeated around the UK which is why we retain our ambitious vision for the future of Pilgrims' Friend Society. This vision is encapsulated in our Renewal Programme of which Middlefields House is the first phase of the programme, replacing our old home in Chippenham with a new larger building specifically designed to support and enable The Way We Care. It has filled up faster than we had hoped and proved to be an

operational and financial success and the quality of care it has delivered has been a highlight of the year as the model of 12 family members in four households enhances the way older people can live safely in small communities.

Our plans for our next new home in this model stalled during the year due to challenges in finding the right location on which to build. However, we remain committed to this enlarged vision of care in the long term, and we relaunched our Growth and Renewal Programme in order to deliver it.

This programme also gives us an opportunity to support smaller operations which are no longer viable, such as the Melbourne Hall Home Trust who gifted us their property in return for operational support which enabled them to close well in late 2021. It also means that we are investing in capacity and resourcing to be able to support more operations experiencing considerable challenges, either through partnerships or through potential acquisitions. We ended the year in discussion with four smaller charities looking for help in this way.

Raising our profile

Our engagement with press, both local and national, has flourished this year with a record-breaking number of pieces of coverage being delivered which have allowed us to showcase what it's like to live with us and to promote the Pilgrims' Friend Society mission to support older people more widely.

During the heatwave of Summer 2022 our home in Wantage, Framland, had a visit from the regional ITV news crew who reported on how those who live with us were being kept cool in the heat. To mark International Day of Grandparents in July, one of our carers at Emmaus House in Harrogate spoke to BBC Radio York about how important his relationships with residents at the home are. In November Derek, who lives at Finborough Court in Suffolk, was featured by BBC Look East as he shared his memories for Remembrance Day and at Christmas two local television crews filmed our intergenerational nativity at Bethany Christian Home in Plymouth.

Alongside this were regular appearances by Stephen Hammersley and Louise Morse on Christian radio including TWR, UCB and Premier, all of which highlighted our work among older Christians.

Funding challenges

As is well documented, the low level of Local Authority funding means that the true cost of care is often not met by Local Authorities which, partnered with cost inflation, results in a more challenging financial trading position than we would like.

We continue to receive generous charitable contributions, particularly in the form of legacies, and have begun investing more heavily in this work with a Head of Fundraising beginning work towards the end of the year. We anticipate that a greater focus on this function will positively contribute to our charitable income over the next three years.

MESSAGE FROM THE CEO

There is a lot of detail in this document, but this must not cloud the fact that in an immensely challenging environment we have again delivered very high quality and distinctive Christian Care and Support to people who want to live in a Christian community. I am immensely grateful to my colleagues who make this happen and who are an inspiration to me!

We thank God for the strong headline surplus and for the fact that we have started to improve our underlying financial performance as our new home in Chippenham has come onstream and started to contribute more significantly sooner in its life than we had expected. This early success in our Growth and Renewal Programme has encouraged us as we look for sites to repeat this process of modernising our portfolio.

We have strengthened our team during the year so that we have the capacity to help out other Christian charities that are struggling with governance and other challenges of running care and housing operations. During the year I am pleased that we completed the work to pave the way to take over the running of the Koinonia Christian Care home in Worthing in April 2023, and that we were able to help the trustees of a care home charity in Leicester close down their operation in an orderly manner, with Christian care in the city sustained through our Evington home.

As this report shows, there have been many challenges in the year but also many encouragements as we have laid what we trust to be solid spiritual, financial and operational foundations to enable the Christian faith to be advanced amongst older people through our work.

FINANCIAL REVIEW

During the year ended 31 March 2023 the group made a net surplus of £6,541,000 compared to £74,000 in the previous year. The Group benefited from £3.4 million from donations of Melbourne Hall property and Koinonia net assets plus legacies of £4.9m.

The key measure of performance used in the charity's management accounts is its earnings before interest, tax, depreciation amortisation and rent (EBITDAR). EBITDAR for the year is reported as £7,420,000 against £987,000 the previous year.

Income from our homes was lower than budgeted as we suffered from lower occupancy than we aimed for, and in some locations we had difficulty in recruiting staff which meant that we had to use more expensive agency staff to fill rotas. This resulted in some of our homes making a loss in the year. We regard some £7.5 million of our income as being non-repeating exceptional income, without which we would have reported a loss for the year.

STATUTORY INFORMATION

Our objects and how we seek to fulfil them

The Pilgrims Friend Group is a non-trading charitable company which is the sole corporate member of Pilgrims' Friend Society, Pilgrim Homes and Pilgrim Homes Trust. In turn, Pilgrims' Friend Society is the sole corporate member of Strathclyde House Trust. The governing document is the articles of association.

The Pilgrims Friend Group exists to research and understand the context for the delivery of Christian care and it sets policies and provides direction for the charities in its group. The Board of this charity makes significant decisions for the running of the group. All of the Members of the Board of Trustees of The Pilgrims Friend Group are also on the board of one or more of the Group's subsidiary entities. The trustees of the Pilgrims Friend Group are distributed so that we have the capacity to manage conflicts of interest while transacting business between charities. Responsibility for the day-to-day operations of the charity is delegated to the Chief Executive and Senior Management Team of Pilgrims' Friend Society which has been the main operating charity for the group. The pay of Key Management Personnel is reviewed annually and normally increases in accordance with average earnings bearing in mind charities of similar size and activity.

Pilgrims' Friend Society and The Pilgrim Friends Group have identical objects with the primary object being "the advancement of the Christian faith and the relief of poverty, sickness, disablement, old age and infirmity for the public benefit to the glory of God". Strathclyde House Trust has similar objectives to these two charities. The objects of Pilgrim Homes and its successor charity Pilgrim Homes Trust are: "The relief either individually or collectively of poverty, sickness, disablement, and infirmity of older people of the Protestant Christian faith including by the provision and maintenance of residential care and housing".

Pilgrims' Friend Society advances the Christian faith by operating Christian care and housing for older people and by producing resources that inspire, encourage, and equip others in their work of caring for older people.

Pilgrims' Friend Society operates all our homes and schemes in the group in the same way to ensure the same quality of Christian care and to give us economies of scale in our operations.

Pilgrim Homes Trust (and Pilgrim Homes before it) fulfils its objects through the ownership of care homes and housing schemes which are operated on its behalf by Pilgrims' Friend Society. Pilgrim Homes Trust is the group charity that built the first of our Renewal Programme homes at Chippenham (Middlefields House).

The Annual Review section of this report sets out how our work provides accommodation and care to older people through the provision of Christian care in a residential setting to those who are over 65 and in need of such accommodation or care as a result of their age, poverty, sickness or disablement.

Our charities advance the Christian faith by ensuring that beneficiaries have every opportunity to pursue their Christian lives.

Regular devotions, opportunities to pray and be supported in prayer, Christian services, Bible studies, opportunities to share fellowship and express Christian beliefs and values through crafts and activities are available in all our homes and schemes.

Domiciliary care for residents in our extra care housing scheme at Royd Court in Mirfield is provided by Pilgrim Care, part of Pilgrims' Friend Society.

The benefits of our work are people living safe and fulfilled lives in their later years when they need Christian care and support.

Pilgrims' Friend Society and Strathclyde House Trust (of which it is the sole member) provide a safe, secure environment and a Christian community with opportunities for fellowship with like-minded Christian people.

Public benefit

The charity's trustees have considered the guidance regarding public benefit when considering and planning their objectives and activities for the year.

Employment policies

Pilgrims' Friend Society always selects staff colleagues based on their ability to do the job on offer based on a "Person Specification" for each post. We are fully compliant with Equalities legislation and recognise our obligations, under Disability Discrimination legislation, to consider reasonable modifications to allow people living with a disability to take up employment. We have a genuine occupational requirement for some posts to be filled by Protestant Christians, who agree with our doctrinal basis, to maintain our founding Christian ethos. These issues are dealt with fully under the charity's Equal Opportunities policies.

All our homes hold regular meetings for all colleagues which are designed to impart information regarding developments within the charity and to give staff opportunity to raise issues. Where any specific proposal is likely to have a significant impact on individual members of staff, such staff are consulted in line with current legislation and good practice. We conduct a charity wide staff survey and feedback to colleagues on how we respond to the issues raised.

We are in regular communication with our staff colleagues on all matters relating to their terms and conditions of employment. The managers of our homes and schemes meet at least twice a year as the "senior team" and one of these meetings includes discussion with the trustees as to the future direction of the Society. Significant changes to the work of the Society are typically preceded by a consultation with colleagues in our homes and schemes and our volunteers sometimes involving a visit by a member of the executive team and a trustee. We encourage colleagues' involvement in the Society's performance and their awareness of the factors affecting our work through a monthly prayer bulletin that is posted on the noticeboards in all our homes and schemes.

Volunteers

Our volunteers are a vital aspect of our work. As well as raising some of the finances we need they also make them go much further through their volunteering. We are particularly grateful to visitors who provide much needed comfort and company to residents and those who lead the regular acts of worship in our homes. The Charity Commission requires we state a number for these volunteers, and we estimate this to be around 200.

Future developments

These are discussed in the Annual Review section of this report.

Related parties

The trustees of the charity consider the following to be related parties:

1. Key Management Personnel of Pilgrims' Friend Society
2. The following charities:
 - a. Pilgrim Homes (charity no. 242266)
 - b. Pilgrims' Friend Society (charity no. 1045920, company no. 3027071)
 - c. Pilgrim Homes Trust (charity no. 1183226, company no. 11685624)

- d. Strathclyde House Trust – (charity no. SC025550, company no. SC169848)
- 3. PFG Trading Limited - a limited company
- 4. Aged Pilgrims' Friend Society Trust Limited - a limited company which holds title to the properties owned by Pilgrim Homes Trust.

Investment policy

These accounts include £0.86 million of investments which are properties owned by Pilgrim Homes which are not suitable to be let to beneficiaries of the Charity and are therefore let as investments to third parties. Some of these properties are close to, or indeed within the curtilage of our care homes and such properties are therefore difficult to dispose of and are, where possible, let to staff members.

Given the need for cash, the trustees take the view that it is better to retain the majority of the charity’s funds in bank deposits, rather than investing in other types of assets.

Principal sources of funding

The group expects to continue to raise most of its income from fees charged to residents of its homes and by charges for its housing. The Growth and Renewal Programme will be funded by borrowing, social investment, the sale of some property assets and donations.

Accommodation charges policy

As with the other related charities, this charity sets the level of charges for accommodation in its care homes based on local market conditions. It does not discriminate against older Christians who may not have the resources to meet the costs of their own care and we accept residents whose fees are met on their behalf by local authorities, notwithstanding the shortfall that then arises. In these circumstances we seek a ‘top-up’ from family or friends where possible.

Fundraising

The charity does not employ outside or commercial fund-raisers. We make sure that our supporters are kept up to date with our work and that they have the opportunity to give to support it. It issues a magazine four times a year and solicits prayer for the work of the charity. Both the magazine and the prayer updates issued by the charity may include mention of financial needs. No complaints have been received in the year about our fundraising. Pilgrims’ Friend Society is registered with the Fundraising Regulator.

Risks and regulations

The charity maintains a comprehensive register of risks which is reviewed by the Key Management Personnel at their monthly meetings and by trustees at every trustee meeting. Risks are rated as to both their likelihood and severity. The greatest risks faced by the charity are:

Risk	Actions to mitigate
The charity is unable to recruit staff with the necessary skills	Apprenticeships, career paths and action plans in place. Remuneration policy. Lobbying through the National Care Forum when policy changes threaten staff availability.
Reduced occupancy in the homes means they are no longer viable	Effective occupancy marketing. Performance data monitored and acted on.
The aftermath of a pandemic or other similar event causes financial drain on the charity	Close monitoring of financial performance and cash, liquidation of illiquid investments, use of bank loans
Price inflation and supply chain delays mean that the charity is unable to provide an adequate level of care	Fixed price contracts are negotiated where possible, fee income increases take account of expected price inflation
The charity’s reputation or ability to operate is impaired by data being leaked or corrupted	Standard information technology controls are in place, such as backups and access controls and we are working towards Cyber Essentials accreditation.

Risk	Actions to mitigate
Pandemic or other similar event seriously impairs the charity's ability to deliver care and head office services to the homes	Contingency and continuity plans; pandemic policy.
Inflation, the cost of borrowing and other external factors mean that the Renewal Programme is not achievable.	Trends are monitored and alternative sources of funding are sought. Alternative ways of expanding the work of the charity are developed.

Reserves

The Charity holds funds of £45,866,000 at the year end. Restricted funds account for £31,906,000 of this and most of these reserves can be used to fund operational costs of a proportion of the operating entities (the Pilgrim Homes). Of the general and designated funds £9,758,000 could only be realised by disposing of tangible fixed assets or programme related investments. This means that the reserves (that is, the part of the charity's unrestricted funds that is freely available to spend on any of the charity's purposes) is £4,202,000; a surplus of £3,202,000 against a target of £1,000,000.

Trustee recruitment and training

Trustees are appointed at a board meeting following a nomination process. Candidates must meet a strict set of specifications concerning personal competence, specialist skills, availability, and Christian belief. Once the Board and new trustee decide to proceed with a formal appointment there follows an induction period to familiarise the new trustee with the charity's operations. Newly appointed trustees meet with the Chief Executive and members of the Senior Management Team to provide an introduction to the affairs of the charity, key operational methods and the current strategic plan. Trustee performance is subject to an annual review by the Chairman.

Section 172 statement

The directors consider the key stakeholders of the group to be the people living in our homes and schemes and its employees. In their decision-making the directors consider both the short and long term impacts. The directors promote the success of the group for the benefit of its stakeholders by:

- considering the likely consequences of strategic and operational decisions in the long term
- rewarding employees' performance and encouraging their personal development management briefings development reviews health and well-being and social initiatives are used to engage with employees
- providing an excellent service to our customers that is responsive to their needs
- acting fairly between the group's key stakeholders when their priorities differ

In addition, the directors foster the group's business relationships with suppliers and maintain a reputation for high standards of business conduct by specifying values and a code of conduct for staff. The impact of the group's operations on the community and environment is considered when planning new sites.

Streamlined Energy & Carbon Reporting

None of the entities within the group meet the requirements at an individual level for reporting.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of The Pilgrims Friend Group for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the directors' report) and the financial statements in accordance with 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).

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 group and of the income and expenditure of the charitable group 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,
- make judgments and accounting estimates that are reasonable and prudent,

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF DISCLOSURE TO AUDITOR

So far as each person who was a trustee at the date of approving this report is aware, there is no relevant audit information of which the charity's auditor is unaware. Additionally, the trustees individually have taken all the necessary steps that they ought to have taken as trustees to make themselves aware of all relevant audit information and to establish that the charity's auditor is aware of that information.

AUDITORS

Jacob Cavenagh & Skeet were the charitable company's auditors during the year and have expressed their willingness to continue in that capacity.

Approved by the trustees and signed on their behalf by

John Edwards

John Edwards
Trustee

Date: 20 July 2023

Consolidated statement of financial activities
(incorporating the income and expenditure account)
For the year ended 31 March 2023

	Note	2023			2022		
		Unrest- ricted Funds £000	Rest- ricted Funds £000	Total £000	Unrest- ricted Funds £000	Rest- ricted Funds £000	Total £000
Income from:							
Donations and legacies	2	8,368	203	8,571	207	1,055	1,262
Investments	3	3	45	48	2	652	654
Charitable activities	4	7,486	8,931	16,417	4,559	9,079	13,638
Other income	5	252	-	252	297	3	300
Total income		16,109	9,179	25,288	5,065	10,789	15,854
Expenditure on:							
Raising funds	6	27	18	45	22	3	25
Charitable activities	7	9,310	9,378	18,688	6,377	9,106	15,483
Total expenditure		9,337	9,396	18,733	6,399	9,109	15,508
Net (losses) on investments	11	-	(14)	(14)	-	(272)	(272)
Net income/(expenditure)	9	6,772	(231)	6,541	(1,334)	1,408	74
Transfers between funds		(16)	16	-	-	-	-
Net movement in funds		6,756	(215)	6,541	(1,334)	1,408	74
Reconciliation of funds							
Total funds brought forward		7,204	32,121	39,325	8,538	30,713	39,251
Total funds carried forward		13,960	31,906	45,866	7,204	32,121	39,325

All of the activities are continuing. There were no recognised gains or losses other than those stated above.

The notes on pages 12 to 30 form part of these financial statements.

Consolidated balance sheet

As at 31 March 2023

	Note	2023		2022	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	10		33,473		32,697
Investments	11		<u>1,062</u>		<u>1,633</u>
			34,535		34,330
Current assets					
Stock	13	1,556		1,855	
Debtors and prepayments	14	6,596		2,752	
Cash equivalents on deposit		2,502		-	
Cash at bank and in hand		<u>2,297</u>		<u>3,402</u>	
			12,951	8,009	
Creditors: Amounts falling due within one year	15	(1,620)		(1,764)	
Net current assets			<u>11,331</u>		<u>6,245</u>
Total assets less current liabilities			<u>45,866</u>		<u>40,575</u>
Creditors: Amounts falling due after more one year	16		-		(1,250)
Total assets less current liabilities			<u>45,866</u>		<u>39,325</u>
Funds:					
Unrestricted funds	17				7,204
Restricted funds (including revaluation reserve of £0.523m (2022: £0.378m))	17&18		13,960		
	19&20		<u>31,906</u>		<u>32,121</u>
Total Funds			<u>45,866</u>		<u>39,325</u>

The financial statements were approved by the Trustees on 20 July 2023 and signed on their behalf by:

John Edwards

J Edwards
Finance Committee Chairman

Company Registration No: 07169875

The notes on pages 12 to 30 form part of these financial statements.

Company balance sheet

As at 31 March 2023

	Note	2023 £000	2022 £000
Fixed assets			
Investments	11	<u>43</u>	<u>43</u>
		43	43
Current assets			
Cash at bank and in hand		<u>-</u>	<u>-</u>
		-	-
Creditors: Amounts falling due within one year		<u>-</u>	<u>-</u>
		-	-
Net current assets		<u>-</u>	<u>-</u>
		-	-
Total assets less current liabilities		<u>43</u>	<u>43</u>
		43	43
Funds:			
Unrestricted funds		43	43
Restricted funds		<u>-</u>	<u>-</u>
		-	-
Total Funds		<u>43</u>	<u>43</u>
		43	43

The company's net income for the year was £nil (2022: £nil).

The financial statements were approved by the Trustees on 20 July 2023 and signed on their behalf by:

John Edwards

J Edwards
Finance Committee Chairman

Company Registration No: 07169875

The notes on pages 12 to 30 form part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2023

	2023 £000	2022 £000
Cash flows from operating activities		
<i>Trading and donations</i>		
Net income	6,541	74
Depreciation	879	871
Gift of Koinonia net assets excluding cash	(2,307)	-
Gift of Melbourne Hall property	(1,059)	-
Increase in legacy debtors	(4,386)	(209)
Investment income included in investing activities	(48)	(654)
(Gain) on disposal of fixed assets	(14)	(101)
Realised (gains)/losses on disposal of investments	-	16
Movement in fair value of investments	<u>14</u>	<u>256</u>
Net cash (used in)/provided by trading and donations	<u>(380)</u>	<u>253</u>
<i>Working capital movements</i>		
Decrease in housing stocks	299	821
Transfers from stock to tangible fixed assets	(522)	(864)
Decrease/(increase) in debtors excluding legacies	795	(618)
(Decrease)/increase in creditors	<u>106</u>	<u>(563)</u>
Net cash provided by/(used in) working capital movements	<u>678</u>	<u>(1,224)</u>
Net cash provided by/(used in) operating activities	<u>298</u>	<u>(971)</u>
Cash flows from investing and financing activities		
<i>Tangible fixed assets</i>		
Payments on additions of tangible fixed assets	(525)	(1,211)
Payments for land and construction of Middlefields House	-	(1,132)
Proceeds on disposal of Melbourne Hall	1,059	-
Proceeds on disposal of tangible fixed assets	<u>1,455</u>	<u>985</u>
Net cash provided by/(used in) tangible fixed assets	<u>1,989</u>	<u>(1,358)</u>
<i>Fixed asset investments</i>		
Investment income received	48	654
Payments on additions of fixed asset investments	(200)	-
Proceeds on disposal of fixed asset investments	<u>762</u>	<u>814</u>
Net cash provided by fixed asset investments	<u>610</u>	<u>1,468</u>
<i>Financing activities</i>		
Proceeds from new loans	-	2,675
Repayment of borrowings	(1,500)	(1,035)
Net cash (used in)/provided by financing activities	<u>(1,500)</u>	<u>1,640</u>
Net cash provided by investing and financing activities	<u>1,099</u>	<u>1,750</u>
Net cash inflow	1,397	779
Cash and cash equivalents at 1 April 2022	<u>3,402</u>	<u>2,623</u>
Cash and cash equivalents at 31 March 2023	<u>4,799</u>	<u>3,402</u>

1. ACCOUNTING POLICIES

The company is registered as a charitable company limited by guarantee incorporated in England and Wales and is governed by its Memorandum and Articles of Association. Its registered office is 175 Tower Bridge Road, London SE1 2AL.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

1a. Basis of accounting

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”), “Accounting and Reporting by Charities” the Statement of Recommended Practice for Charities applying FRS 102, the Companies Act 2006, the Charities Act 2011 and UK Generally Accepted Accounting Practice. The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The financial statements have been prepared on the historical cost convention, modified to include certain investments and financial instruments at fair value.

1b. Consolidation

The consolidated financial statements combine the results of the charity and its subsidiary undertakings which are as follows:

Name	Activities
The Pilgrims Friend Group	Parent charity with no assets, income or expenditure of its own
Pilgrims' Friend Society	Operation of care homes and sheltered accommodation
Pilgrim Homes (formerly Aged Pilgrims' Friend Society)	Operation of care homes and sheltered accommodation
Pilgrim Homes Trust	Operation of care homes and sheltered accommodation
Strathclyde House Trust	Operation of sheltered accommodation
PFG Trading Limited	Trading activities connected with the group

The transactions and balances of the subsidiary undertakings are included in the consolidated accounts on a line by line basis with intragroup transactions eliminated on consolidation.

Where the charitable company has been installed as sole trustee of a charitable subsidiary during the period the fair value of the assets and liabilities brought into the group is recognised within voluntary income.

A separate Statement of Financial Activities for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by Section 408 of the Companies Act 2006.

1c. Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1. ACCOUNTING POLICIES (continued)

1d. Tangible fixed assets

Fixed assets are recorded at historic cost. Expenditure on existing properties is capitalised when works result in an enhancement of economic benefits of the asset. Other expenditure on the properties is charged to the income and expenditure account. Where appropriate, the historic cost less accumulated depreciation of any replaced components is released from the asset and recognised as a loss on disposal.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life. The following rates are used on a straight-line basis:

Land	nil
Buildings	100 years
Roof	70 years
Electrics	40 years
Windows, doors, heating and plumbing	30 years
Bathrooms and lifts	20 years
Kitchens – sheltered	20 years
Boilers	15 years
Kitchens – residential	10 years
Furniture and equipment – sheltered	10 years
Hard landscaping	5 years
Motor vehicles	4 years
Computer equipment	4 years

1e. Investments

Investment properties comprise properties, all owned by Pilgrim Homes (formerly Aged Pilgrims' Friend Society) which are not suitable for occupation by beneficiaries of the charities within the group and are therefore let on commercial terms to either staff members or third parties. Listed investments are stated at fair value. All investments are revalued every year with the investment gains or losses shown in the Statement of Financial Activities.

1f. Income

Housing and care income is recognised on the basis of the period that the service was provided to the resident. Voluntary income and donations (including legacies) are accounted for once the charity has entitlement to the income, it is probable the income will be received and the amount of income receivable can be reliably measured. Where material assets are donated to the company for its use, these are capitalised at the estimated market value at the date of the gift and included under income.

For Job Retention Scheme government grant income, the income is recognised in the period to which the underlying furloughed staff costs relate to. For performance related Covid-19 LA care grants, the income is recognised when the conditions of the grants have been met.

1g. Expenditure

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer term liabilities. Charitable expenditure includes all support costs in respect of the company's activities.

1h. Governance costs

This comprises expenditure on compliance with statutory legal requirements and is included in charitable activities.

1. ACCOUNTING POLICIES (continued)

1i. Fund accounting

General funds are unrestricted funds which 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 trustee for particular purposes. The aim and use of each designated fund are 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. The aim and use of each restricted fund are set out in note 18 to the financial statements.

1j. Leases

Rentals payable under operating leases are dealt with on a straight-line basis over the lease term. Total lease repayments have been disclosed over the remaining life of the lease.

1k. Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1l. Stocks

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

1m. Debtors

Debtors are included at the settlement amount due. Prepayments are valued at the amount prepaid.

1n. Cash and cash equivalents

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 opening of the deposit. Cash equivalents on deposit includes cash on deposit with a maturity of over three months.

1o. Creditors and provisions

Creditors and provisions are recognised where the group has a present obligation arising from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are recognised at their settlement amount. Concessionary loans are included at historic cost.

1p. Financial instruments

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2. DONATIONS AND LEGACIES

	Unrestricted Funds £000	Restricted Funds £000	Total 2023 £000	Total 2022 £000
Donations	102	177	279	276
Donation of Melbourne Hall property	1,059	-	1,059	-
Net assets gifted by Koinonia	2,434	-	2,434	-
Legacies	<u>4,773</u>	<u>26</u>	<u>4,799</u>	<u>986</u>
	<u>8,368</u>	<u>203</u>	<u>8,571</u>	<u>1,262</u>

3. INCOME FROM INVESTMENTS

	Unrestricted Funds £000	Restricted Funds £000	Total 2023 £000	Total 2022 £000
Bank interest	3	-	3	2
Rental of investment properties	-	43	43	68
Overage receipt (note 28)	-	-	-	584
Other interest	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
	<u>3</u>	<u>45</u>	<u>48</u>	<u>654</u>

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £000	Restricted Funds £000	Total 2023 £000	Total 2022 £000
Care fees	6,971	7,621	14,592	11,032
Housing income	238	765	1,003	1,032
Extra Care Housing lease sales	277	499	776	1,016
Covid-19 LA care grants	<u>-</u>	<u>46</u>	<u>46</u>	<u>558</u>
	<u>7,486</u>	<u>8,931</u>	<u>16,417</u>	<u>13,638</u>

5. INCOME FROM OTHER SOURCES

	Unrestricted Funds £000	Restricted Funds £000	Total 2023 £000	Total 2022 £000
Gain on disposal of tangible fixed assets	248	-	248	250
Commercial trading operations	4	-	4	6
CBIL loan interest grant	-	-	-	35
Covid-19 grants: CJRS	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>
	<u>252</u>	<u>-</u>	<u>252</u>	<u>300</u>

6. EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds £000	Restricted Funds £000	Total 2023 £000	Total 2022 £000
Publicity and deputation	<u>27</u>	<u>18</u>	<u>45</u>	<u>25</u>

7. EXPENDITURE ON CHARITABLE ACTIVITIES

<i>Activities split by fund:</i>	Unrestricted Funds £000	Restricted Funds £000	Total 2023 £000	Total 2022 £000
Housing	519	839	1,358	1,095
Care	7,670	7,360	15,030	12,005
Cost of Extra Care leases sold	260	499	759	1,016
Education and training	168	48	216	143
Raising awareness	90	16	106	77
General support costs	<u>305</u>	<u>35</u>	<u>340</u>	<u>276</u>
	9,012	8,797	17,809	14,612
Depreciation	<u>298</u>	<u>581</u>	<u>879</u>	<u>871</u>
	<u>9,310</u>	<u>9,378</u>	<u>18,688</u>	<u>15,483</u>

7. EXPENDITURE ON CHARITABLE ACTIVITIES (continued)

<i>Analysis by activity:</i>	£000	Housing £000	Care £000	Extra care leases £000	Education & training £000	Raising awareness £000	General support £000	Total 2023 £000	Total 2022 £000
Salaries and wages		327	10,140	-	103	35	1,559	12,164	9,800
Food		107	669	-	-	-	-	776	603
Administrative expenses		52	535	-	13	-	564	1,164	917
Repairs and maintenance		202	1,013	-	-	-	-	1,215	963
Heat and light		89	444	-	-	-	-	533	352
Other expenses		160	599	-	100	71	-	930	646
Cost of Extra Care leases sold		-	-	759	-	-	-	759	1,016
Professional fees		-	78	-	-	-	198	271	318
Governance costs: audit fees		-	-	-	-	-	32	32	36
Allocated administrative costs		<u>421</u>	<u>1,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,013)</u>	<u>(40)</u>	<u>(39)</u>
		1,358	15,030	759	216	106	340	17,809	14,612
Buildings depreciation		194	492	-	-	-	-	686	664
General depreciation		<u>20</u>	<u>148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>193</u>	<u>207</u>
		<u>1,572</u>	<u>15,670</u>	<u>759</u>	<u>216</u>	<u>106</u>	<u>365</u>	<u>18,688</u>	<u>15,483</u>

During the year the auditors were paid £31,000, including irrecoverable VAT, for non-audit services (2022: £23,000).

Support costs (less allocated administrative costs):

Staff costs								1,559	1,493
Depreciation								25	31
Professional fees								230	217
Other administrative expenses								<u>564</u>	<u>573</u>
								<u>2,378</u>	<u>2,314</u>

8. STAFF COSTS

	2023 £000	2022 £000
Wages and salaries	9,584	8,005
Social security costs	705	550
Pension costs	386	282
Agency staff costs	<u>1,489</u>	<u>963</u>
	<u>12,164</u>	<u>9,800</u>

The average number of staff employed in the period on headcount was:

	No	No
Homes	529	469
Head Office	<u>42</u>	<u>32</u>
	<u>571</u>	<u>501</u>

The average number of staff employed in the period on a full-time equivalent basis was:

	No	No
Homes	397	300
Head Office	<u>38</u>	<u>32</u>
	<u>435</u>	<u>332</u>

The emoluments of five employees exceeded £60,000 in the year ended 31 March 2023 (2022: three). Three of those employees earned between £60,000 and £70,000, one earned between £80,000 and £90,000 and one earned between £90,000 and £100,000 (2022: one between £60,000 and £70,000 and two between £80,000 and £90,000).

Remuneration of £3,044 plus pension contributions of £144 were paid to one trustee, Mr Martyn Hallett, during the year for employment as pastoral co-ordinator on a part time basis. Mr Hallett started this paid role on 1 March 2020, before he was appointed as a trustee in October 2022. Continued employment is in accordance with Clause 4 of the Articles of Association of the Charity and consent given by the Charity Commission. No remuneration was paid to any other trustee during the year (2022: £nil). Travel expenses of £1,180 (2022: £nil) were reimbursed to 4 trustees (2022: 0 trustees) for items incurred wholly, exclusively and necessarily in the course of the charity's activities.

The total aggregate remuneration of Key Management Personnel for the year was £496,272 (2022: £464,078).

The total remuneration (including gross salary, employer's National Insurance, benefits in kind and employer's pensions contributions) paid to family members of the trustees was £58,884 (2022: £60,550).

9. NET INCOME/(EXPENDITURE)

	2023 £000	2022 £000
This is stated after charging:		
Depreciation	879	871
Net (gain) on disposal of tangible fixed assets	(248)	(250)
Loan interest	22	42
Auditors' remuneration for audit services	37	36
Auditors' remuneration for other services	<u>31</u>	<u>23</u>

10. TANGIBLE FIXED ASSETS

	Freehold and leasehold properties £000	Furniture, fittings and equipment £000	Motor vehicles £000	Total £000
Cost				
As at 1 April 2022	38,717	2,284	108	41,109
Additions	2,364	172	43	2,579
Transfer to investments	(5)	-	-	(5)
Disposals	(1,621)	(61)	(40)	(1,722)
Transfer from stock	<u>522</u>	<u>-</u>	<u>-</u>	<u>522</u>
As at 31 March 2023	<u>39,977</u>	<u>2,395</u>	<u>111</u>	<u>42,483</u>
Depreciation				
As at 1 April 2022	7,140	1,204	68	8,412
Charge for the year	686	177	16	879
Released on disposals	(214)	(40)	(27)	(281)
As at 31 March 2023	<u>7,612</u>	<u>1,341</u>	<u>57</u>	<u>9,010</u>
Net book value				
As at 31 March 2023	<u>32,365</u>	<u>1,054</u>	<u>54</u>	<u>33,473</u>
As at 31 March 2022	<u>31,577</u>	<u>1,080</u>	<u>40</u>	<u>32,697</u>

The properties detailed above are owned by Pilgrims' Friend Society, Pilgrim Homes Trust and Strathclyde House Trust, which are subsidiaries of The Pilgrims Friend Group. Details of cost or deemed cost of the properties is detailed below and on the following page:

	2023 £000	2022 £000
Pilgrims' Friend Society		
Freehold property:		
Bethany Christian Home, Plymouth	605	589
Ernest Luff Care Home, Walton-on-the-Naze	2,265	2,223
Ernest Luff House, Walton-on-the-Naze	1,611	1,576
Emmaus Care Home, Harrogate	889	877
Permanent landscape, Ernest Luff Care Home	34	34
Koinonia Christian Care, Worthing	2,015	-
Carey Gardens, Kirby Muxloe	<u>1,130</u>	<u>1,130</u>
	8,549	6,429
Strathclyde House Trust		
Freehold property:		
Strathclyde House, Skelmorlie	<u>2,237</u>	<u>1,711</u>
Carried forward	<u>10,786</u>	<u>8,140</u>

10. TANGIBLE FIXED ASSETS (continued)

	2023 £000	2022 £000
Pilgrim Homes Trust		
Freehold property:		
Dorothea Court, Bedford	4,401	4,398
Leonora Home, Chippenham	-	327
Middlefields House Chippenham	7,258	7,366
Great Finborough Home	1,837	1,803
Great Finborough Housing	2,623	2,542
Evington Home, Leicester	2,348	2,263
Shottermill Home, Haslemere	1,564	1,498
Milward Home, Tunbridge Wells	1,384	1,384
Wantage Home	1,773	1,703
Royd Court, Mirfield	3,458	3,448
Pilgrim Gardens, Evington, Leicester	2,081	2,081
Redbourn retirement flats	-	1,300
Brighton Home (at deemed cost)	<u>464</u>	<u>464</u>
	29,191	30,577
Brought forward from previous page	<u>10,786</u>	<u>8,140</u>
Total properties	<u>39,977</u>	<u>38,717</u>

The net gain on disposal of tangible fixed assets for the year is made up of:

	£000
<i>Pilgrim Homes Trust</i>	
Loss on disposal of Redbourn retirement flats	(120)
Gain on disposal of Leonora Home, Chippenham	360
Net loss on flat movements	<u>(6)</u>
	<u>234</u>
<i>Pilgrim's Friend Society</i>	
Gain on disposal of Head Office motor vehicles	<u>14</u>
	<u>248</u>

11. INVESTMENTS - GROUP

	Listed Investments £000	Investment properties £000	Total £000
Valuation			
As at 1 April 2022	-	1,633	1,633
Additions	200	-	200
Transfer from fixed assets	-	5	5
Disposals	-	(762)	(762)
Revaluation	<u>-</u>	<u>(14)</u>	<u>(14)</u>
As at 31 March 2023	<u>200</u>	<u>862</u>	<u>1,062</u>
Held by			
General Funds	200	-	200
Restricted funds	<u>-</u>	<u>862</u>	<u>862</u>
	<u>200</u>	<u>862</u>	<u>1,062</u>
Historic cost			
As at 31 March 2023	<u>200</u>	<u>338</u>	<u>538</u>

Investment properties comprise the following:

	2023 £000	2022 £000
At market value:		
House on Pilgrims' Way, Great Finborough	275	280
60 Royd Court, Mirfield	207	210
90a Wood Lane, Chippenham	-	224
90 Wood Lane, Chippenham	-	212
92 Wood Lane, Chippenham	-	327
Redbourn Land	5	-
House on Liphook Road, Haslemere	<u>375</u>	<u>380</u>
	<u>862</u>	<u>1,633</u>

The investment properties were revalued at the open market value as at 31 March 2023 by the Director of Property Services, Andy Walsh ARIBA.

The net losses on investments for the year is made up of:

	£000
Revaluation of investment properties	<u>(14)</u>

12. INVESTMENTS - COMPANY ONLY

	2023 £000	2022 £000
Investment in PFG Trading Ltd	<u>43</u>	<u>43</u>
	<u>43</u>	<u>43</u>

13. STOCK

	2023 £000	2022 £000
Stock of flats held for resale (see below)	1,476	1,780
Preliminary costs of new building	73	60
Stock of books	<u>7</u>	<u>15</u>
	<u>1,556</u>	<u>1,855</u>

	<i>Strathclyde House</i>		<i>Royd Court</i>		<i>Pilgrim Gardens</i>		Total £000
	Number No	Cost £000	Number No	Cost £000	Number No	Cost £000	
As at 1 April 2022	4	338	6	733	5	709	1,780
Sold	(3)	(260)	(4)	(498)	(1)	(130)	(888)
Transferred to fixed assets	(6)	(522)	-	-	-	-	(522)
Bought back	<u>8</u>	<u>686</u>	<u>1</u>	<u>120</u>	<u>2</u>	<u>300</u>	<u>1,106</u>
As at 31 March 2023	<u>3</u>	<u>242</u>	<u>3</u>	<u>355</u>	<u>6</u>	<u>879</u>	<u>1,476</u>

Contingent liabilities on housing stock

Under the terms of the sale of properties at Strathclyde House, the Strathclyde House Trust has the right of first refusal when freehold flats are offered for sale and it is the practice of the charity to exercise that right to maintain the ethos and atmosphere on the site. The total potential value of the flats not held by the charity at 31 March 2023 is £3.4 million.

Under the terms of the sale of leases at Royd Court, Pilgrim Homes Trust is committed to repurchase leases should leaseholders cease to be residents. The total potential value of the flats not held in stock at 31 March 2023 is £3.8 million.

Under the terms of the sale of leases at Pilgrim Gardens, Pilgrim Homes Trust is committed to repurchase leases should leaseholders cease to be residents. The total potential value of the flats not held in stock at 31 March 2023 is £1.17 million.

14. DEBTORS AND PREPAYMENTS

	2023 £000	2022 £000
Arrears of local authority and residents' contribution	212	315
Amounts owed from Pilgrim Gardens service charge	15	116
Amounts owed from Royd Court service charge	147	111
Amounts owed from Strathclyde service charge	58	60
Other debtors and prepayments	<u>6,164</u>	<u>2,150</u>
	<u>6,596</u>	<u>2,752</u>

15. CREDITORS AND ACCRUALS: amounts falling due within one year

	2023 £000	2022 £000
Short terms loans	165	425
Trade creditors	438	152
Taxation and social security	137	127
Other creditors and accruals	<u>880</u>	<u>1,060</u>
	<u>1,620</u>	<u>1,764</u>

16. CREDITORS AND ACCRUALS: amounts falling due after more than one year

	2023 £000	2022 £000
Bank loans	<u>-</u>	<u>1,250</u>

The bank loan was secured on the Dorothea Court and Brighton properties. Interest on the bank loan was payable at 2.6% above base rate over the period until May 2027. The loan was fully repaid during the year.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Funds £000	Designated Funds £000	Restricted Funds £000	Total Funds £000
2023				
Fixed assets				
Tangible	7,582	1,976	23,915	33,473
Investments	200	-	862	1,062
Current assets	6,046	(224)	7,129	12,951
Current liabilities	(1,612)	(8)	-	(1,620)
Total Net Assets	<u>12,216</u>	<u>1,744</u>	<u>31,906</u>	<u>45,866</u>
2022				
Fixed assets				
Tangible	5,784	1,481	25,432	32,697
Investments	-	-	1,633	1,633
Current assets	2,512	441	5,056	8,009
Current liabilities	(1,744)	(20)	-	(1,764)
Non-current liabilities	(1,250)	-	-	(1,250)
Total Net Assets	<u>5,302</u>	<u>1,902</u>	<u>32,121</u>	<u>39,325</u>

18. DESIGNATED FUNDS

	Brought forward at 1 April 2022 £000	Income £000	Expenditure £000	Net assets gifted/ transfers £000	Carried forward at 31 March 2023 £000
2023					
Strathclyde House Trust	<u>1,902</u>	<u>364</u>	<u>(522)</u>	-	<u>1,744</u>
	<u>1,902</u>	<u>364</u>	<u>(522)</u>	-	<u>1,744</u>
2022					
Strathclyde House Trust	<u>2,053</u>	<u>676</u>	<u>(827)</u>	-	<u>1,902</u>
	<u>2,053</u>	<u>676</u>	<u>(827)</u>	-	<u>1,902</u>

19. a) RESTRICTED FUNDS – PILGRIM HOMES

2023	Brought forward at 1 April 2022	Income	Expenditure	Revaluations and transfers	Carried forward at 31 March 2023
	£000	£000	£000	£000	£000
Funds restricted by Pilgrim Homes articles:					
<i>General unrestricted funds</i>					
Pilgrim Homes Fund	<u>3,414</u>	<u>9,009</u>	<u>(9,259)</u>	<u>1,836</u>	<u>5,000</u>
<i>Designated Funds</i>					
Operational Assets Equity Fund	25,025	-	-	(1,751)	23,274
Operational Risk Reserve	1,030	-	-	-	1,030
Property Emergency Repair Fund	<u>50</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50</u>
<i>Total designated funds restricted by Pilgrim Homes articles</i>	<u>26,105</u>	<u>-</u>	<u>-</u>	<u>(1,751)</u>	<u>24,354</u>
<i>Pilgrim Homes Restricted Funds</i>					
St Albans Home	526	-	-	-	526
Lucy McNeil Home	1,849	-	-	-	1,849
Homes Voluntary Support Funds (see note 19c)	<u>116</u>	<u>41</u>	<u>-</u>	<u>(98)</u>	<u>59</u>
<i>Total restricted funds restricted by Pilgrim Homes articles</i>	<u>2,491</u>	<u>41</u>	<u>-</u>	<u>(98)</u>	<u>2,434</u>
Total restricted funds – Pilgrim Homes	<u>32,010</u>	<u>9,050</u>	<u>(9,259)</u>	<u>(13)</u>	<u>31,788</u>

19. b) RESTRICTED FUNDS – GENERAL

Faith in Later Life	10	70	(80)	-	-
Homes Voluntary Support Funds (see note 19c)	14	9	(14)	80	89
Local Homes Project Funds	15	3	3	-	21
Carey Gardens (moved to HVS funds Kirby Muxloe; note 19c)	65	-	-	(65)	-
Covid-19 LA Grants Fund	-	46	(46)	-	-
Dementia Fund	<u>7</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>8</u>
Total restricted funds - general	<u>111</u>	<u>129</u>	<u>(137)</u>	<u>15</u>	<u>118</u>
Total restricted funds	<u>32,121</u>	<u>9,179</u>	<u>(9,396)</u>	<u>2</u>	<u>31,906</u>

19. c) RESTRICTED FUNDS – HOMES VOLUNTARY SUPPORT FUNDS

2023	Brought forward at 1 April 2022 £000	Income £000	Expenditure £000	Revaluations and transfers £000	Carried forward at 31 March 2023 £000
Funds restricted by Pilgrim Homes articles:					
Chippenham	3	-	-	(3)	-
Great Finborough	59	6	-	(65)	-
Evington	18	4	-	(22)	-
Tunbridge Wells	4	14	-	-	18
Wantage	14	16	-	(7)	23
Shottermill	17	1	-	(1)	17
Bedford	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
	116	41	-	(69)	59
Other restricted funds					
Ernest Luff Care	1	-	-	(1)	-
Bethany Christian Home	2	2	-	(4)	-
Emmaus House	2	3	-	-	5
Florence House	2	-	-	(2)	-
Koinonia	-	1	-	(1)	-
Kirby Muxloe	5	-	(14)	88	79
Middefields	<u>2</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>5</u>
	14	9	(14)	80	89
Total Homes Voluntary Support Funds	<u>130</u>	<u>50</u>	<u>(14)</u>	<u>(18)</u>	<u>148</u>

20. a) RESTRICTED FUNDS – PILGRIM HOMES

2022	Brought forward at 1 April 2021 £000	Income £000	Expenditure £000	Revaluations and transfers £000	Carried forward at 31 March 2022 £000
<i>Funds restricted by Pilgrim Homes articles:</i>					
<i>General unrestricted funds</i>					
Pilgrim Homes Fund	<u>3,254</u>	<u>10,100</u>	<u>(8,548)</u>	<u>(1,392)</u>	<u>3,414</u>
<i>Designated Funds</i>					
Operational Assets Equity Fund	23,906	-	-	1,119	25,025
Operational Risk Reserve	1,030	-	-	-	1,030
Property Emergency Repair Fund	<u>50</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50</u>
<i>Total designated funds restricted by Pilgrim Homes articles</i>	<u>24,986</u>	<u>-</u>	<u>-</u>	<u>1,119</u>	<u>26,105</u>
<i>Pilgrim Homes Restricted Funds</i>					
St Albans Home	441	85	-	-	526
Lucy McNeil Home	1,849	-	-	-	1,849
Homes Voluntary Support Funds (see note 19c)	<u>88</u>	<u>27</u>	<u>(1)</u>	<u>2</u>	<u>116</u>
<i>Total restricted funds restricted by Pilgrim Homes articles</i>	<u>2,378</u>	<u>112</u>	<u>(1)</u>	<u>2</u>	<u>2,491</u>
Total restricted funds – Pilgrim Homes	<u>30,618</u>	<u>10,212</u>	<u>(8,549)</u>	<u>(271)</u>	<u>32,010</u>

20. b) RESTRICTED FUNDS – GENERAL

NYCC Grant	1	-	(1)	-	-
Faith in Later Life	-	10	-	-	10
Homes Voluntary Support Funds (see note 19c)	8	8	(1)	(1)	14
Local Homes Project Funds	15	-	-	-	15
Carey Gardens	65	-	-	-	65
Covid-19 LA Grants Fund	-	558	(558)	-	-
Dementia Fund	<u>6</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>7</u>
Total restricted funds - general	<u>95</u>	<u>577</u>	<u>(560)</u>	<u>(1)</u>	<u>111</u>
Total restricted funds	<u>30,713</u>	<u>10,789</u>	<u>(9,109)</u>	<u>(272)</u>	<u>32,121</u>

20. c) RESTRICTED FUNDS – HOMES VOLUNTARY SUPPORT FUNDS

2022	Brought forward at 1 April 2021 £000	Income £000	Expenditure £000	Revaluations and transfers £000	Carried forward at 31 March 2022 £000
Funds restricted by Pilgrim Homes articles:					
Chippenham	3	-	-	-	3
Great Finborough	34	13	(1)	13	59
Evington	15	5	-	(2)	18
Tunbridge Wells	5	-	-	(1)	4
Wantage	10	7	-	(3)	14
Shottermill	20	2	-	(5)	17
Bedford	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
	88	27	(1)	2	116
Other restricted funds					
Ernest Luff Care	1	-	-	-	1
Bethany Christian Home	3	-	-	(1)	2
Emmaus House	2	-	-	-	2
Florence House	2	-	-	-	2
Kirby Muxloe	-	5	-	-	5
Middlefields	<u>-</u>	<u>3</u>	<u>(1)</u>	<u>-</u>	<u>2</u>
	8	8	(1)	(1)	14
Total Homes Voluntary Support Funds	<u>96</u>	<u>35</u>	<u>(2)</u>	<u>1</u>	<u>130</u>

21. FURTHER DETAILS ABOUT RESTRICTED AND DESIGNATED FUNDS

Pilgrim Homes Fund

This heading includes the reserves of Pilgrim Homes and the Pilgrim Homes Restricted Fund which were transferred from those charities to Pilgrim Homes Trust on 31 March 2020.

Operational Assets Equity Fund

Established to reflect the value of fixed asset properties owned by Pilgrim Homes Trust which would not be capable of disposal without affecting the ongoing work of the charity.

Operational Risk Reserve

This fund consists of funds required to ensure the continuity of care in the event of a major disruption to the operation of the charity.

Property Emergency Repair Fund

This fund has been established within Pilgrim Homes to meet the costs of emergency repairs to that charity's properties.

Strathclyde House Trust Fund

This represents the value of the assets held within Strathclyde House Trust.

St Albans and Lucy McNeil Home Funds

These funds relate to the receipt of donations and the proceeds of various fundraising activities for the purpose of establishing new homes.

Watford Funds

During 2004, Pilgrim Homes became responsible for the management of the various funds which constitute the Watford Tabernacle Almshouse Trust. The site was then sold, and suitable accommodation was found for the two remaining residents. The funds were utilised in the year for the purchase of the Redbourn flats and a transfer to the general fund was made.

Faith in Later Life

This represents donations from the Outlook Trust and a number of partner charities for use towards the costs of the 'Faith in Later Life' initiative mentioned in the Trustees' report. This initiative is in the course of being incorporated as a separate charity and following incorporation the balance of funds held will be transferred to this new charity.

Local Homes Project Funds

These represent the amounts raised and spent by local homes towards specific locally agreed initiatives within specific homes.

Dementia Fund

This fund is utilised to assist in meeting the costs of new initiatives to better look after our residents with dementia.

Homes Voluntary Support Funds

Homes Voluntary support funds represent donations made by supporters for the purpose of improving care at specific homes. These funds are also available, in the event of a home making a trading loss in a financial year, to reduce the loss sustained.

Covid grants

This relates to grants received by local authorities to deal with increased costs of dealing with the pandemic (e.g. staff and personal protective equipment).

Carey Gardens

This represents a donation to fund substantial capital improvements at Carey Gardens, as a supplement to the sinking fund contributions paid by residents.

22. LEASING COMMITMENTS

Operating leases

The charitable company's total future minimum lease payments under operating leases at 31 March 2023 were payable as set out below:

	2023	2022
	£000	£000
Within one year	50	38
Within two to five years	<u>63</u>	<u>84</u>
	<u>113</u>	<u>122</u>

The operating lease charges for the year were:

	2023	2022
	£000	£000
Land and buildings	97	88
Hire of plant and machinery	<u>51</u>	<u>85</u>
	<u>148</u>	<u>173</u>

The lease over 175 Tower Bridge Road, London expired on 31 December 2014. Since that date the charity has continued to pay rent at the existing annual rate of £67,000. The charity is required to give 3 months' notice under Section 27 of the Landlord & Tenant Act 1954 of its intention to vacate the premises.

23. PENSION COMMITMENTS

The pension cost charge represents contributions payable by the group to the pension funds. There were contributions of £61,000 due to the fund at the period end (2022: £49,000).

The Society also makes a small number of *ex gratia* pension payments to former employees. The annual commitment to make these payments has been reducing over the past few years and currently stands at around £3,000 per annum. A few years ago the trustees considered whether to accrue for this liability but, given the amounts payable, the age of those receiving a pension and the complexity of determining an appropriate reserve, no provision was made.

24. CAPITAL COMMITMENTS

No capital commitments were due as at 31 March 2023.

25. CONTINGENT LIABILITY

A gift of £500,000 was made to Strathclyde House Trust by the Souter Charitable Trust in June 2019. This gift was made subject to a repayment clause which stated that in the event that Strathclyde House was to be disposed of by the charity within a period of the ten years commencing 3 June 2019, Strathclyde House Trust would be obliged to repay a proportion of the gift to the Souter Charitable Trust. The amount due to be repaid reduces by £50,000 for each complete year that Strathclyde House is owned by the Pilgrim Friends Group. At the date of these accounts, the maximum repayment due would be £350,000. The Pilgrim Friends Group has no plans to dispose of Strathclyde House.

26. RELATED PARTY TRANSACTIONS

Details of trustees' and key management personnel and remuneration are disclosed in note 8 to the financial statements. There are no other related party transactions.

27. LIFE TENANCY

In 2012 the charity was notified of a legacy which included a share of a freehold property, which is subject to a life tenancy. The conditions for recognition of this income have not been met and therefore this legacy is not included as income in the accounts. The estimated value of the legacy is unknown at present.

28. WELLSBOROUGH OVERAGE RECEIPT

An overage agreement entered into on the sale of the site of the former Wellsborough Care Home has resulted in a cash receipt of £nil (2022: £584,000) which has been recognised as income in the statement of financial activities. This is the final amount to be received under the terms of the agreement.

29. CHURSTON FERRERS OVERAGE

The sale of the land at Churston Ferrers included an overage agreement stating that Pilgrim Homes Trust will receive payment if planning permission is granted on the land disposed of before 2052.

30. COMPANY LIMITED BY GUARANTEE

The organisation is a charitable company limited by guarantee and has no share capital. In the event of the company being wound up, members are required to contribute an amount not exceeding £1.

Statutory information

DIRECTORS AND TRUSTEES

Michael Abbott (Chairman from 1 April 2022)
Alan Copeman (Vice-Chairman)
Andrew Symonds (Vice-Chairman)
Bryan Jarvis (Vice-Chairman)
Dr Judy McLaren
Genefer Espejo
John Edwards

Mark Curran (appointed 21 July 2022)
Max Robinson
Robin Turnbull
Sheila Warnes
Sylvia Clovey (appointed 21 July 2022)
Martin Hallett (6 October 2022 to 19 June 2023)
Philip Oliver (resigned 1 December 2022)

COMPANY SECRETARY

Debbie Buggs

REGISTERED OFFICE

175 Tower Bridge Road
London
SE1 2AL

COMPANY NUMBER 07169875
CHARITY NUMBER 1134979

BANKERS

Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

AUDITORS

Jacob Cavenagh & Skeet
Chartered Accountants
5 Robin Hood Lane
Sutton
Surrey SM1 2SW

KEY MANAGEMENT PERSONNEL

The Key Management Personnel of the charity were the Trustees and the members of Senior Management Team whose names and responsibilities are listed below:

Stephen Hammersley	<i>Chief Executive Officer</i>
Maureen Sim	<i>Director of Operations</i>
Debbie Buggs	<i>Director of Finance and Company Secretary</i>
Andy Walsh	<i>Director of Property Services</i>
Joshua Field	<i>Director of Human Resources</i>
Alexandra Davis	<i>Director of Marketing and Communications</i>

Independent auditor's report to the trustees of The Pilgrims Friend Group

OPINION

We have audited the financial statements of The Pilgrims Friend Group (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the consolidated Statement of Financial Activities, the consolidated and company's Balance Sheets, the consolidated Statement of Cash Flows 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 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 of the charitable company's affairs as at 31 March 2023 and of the group's incoming resources and application of resources, including the group 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.

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 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the 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, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and the strategic report included within the trustees' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report or the strategic report included with the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' 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 in the trustees' report, the trustees' (who are also the directors of the 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under section 145 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charity, we identified that the principal risks of non-compliance with laws and regulations related to charity financial reporting, employment, health & safety and care and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by making enquiries of management, considering the internal controls in place and discussion amongst the engagement team.

We determined that the principal risks were related to:

- accounting measurements of property
- disclosure of capital commitments or provisions
- recognition of legacy income
- fraudulent extraction of cash

In response to the risks identified we designed procedures which included, but were not limited to:

- reviewing third party evidence of investment property valuations
- agreeing financial statement disclosures to underlying supporting documentation
- identifying and reviewing journal entries
- discussions with management and review of legal correspondence
- reviewing Trustees' meeting minutes
- evaluating the charity's internal controls

There are inherent limitations in the 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. 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

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

P. Newton

**Paul Newton FCA (Senior Statutory Auditor)
for and on behalf of Jacob Cavenagh & Skeet**

**Chartered Accountants
Statutory Auditor**

Date: 20/7/2023



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