

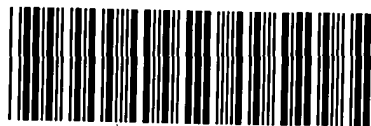
THE PILGRIMS FRIEND GROUP

Group Financial Statements

For the year ended 31 March 2020

COMPANY NUMBER 07169875
CHARITY NUMBER 1134979

THURSDAY



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THE PILGRIMS FRIEND GROUP

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THE PILGRIMS FRIEND GROUP

Trustees' report – statutory information For the year ended 31 March 2020

DIRECTORS AND TRUSTEES

Alan Copeman (Chairman)	Bryan Jarvis (Vice-Chairman)
Alan Hare (Treasurer – resigned 3 January 2020)	Andrew Symonds (Vice-Chairman)
Thomas Creedy (resigned 2 July 2019)	Genefer Espejo (appointed 17 March 2020)
John Edwards	Dr Judy McLaren
Jonathan Gulliford (resigned 8 July 2019)	Sheila Warnes (appointed 21 May 2019)
Michael Abbott (appointed 20 November 2019)	Robin Turnbull (appointed 17 March 2020)
Max Robinson (appointed 30 April 2020)	Philip Oliver (appointed 30 April 2020)

COMPANY SECRETARY

Adrian Bray (until 31 July 2020)
Debbie Buggs (from 1 August 2020)

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>
Adrian Bray	<i>Director of Finance (to 31/03/2020) and Company Secretary (to 31/07/20)</i>
Debbie Buggs	<i>Director of Finance (from 01/06/2020) and Company Secretary (from 01/08/20)</i>
Andy Walsh	<i>Director of Property Services</i>
Phil Wainwright	<i>Director of Human Resources and IT</i>
Carl Knightly	<i>Director of Engagement (until 5 July 2019)</i>
Alexandra Davis	<i>Director of Marketing (from 16 September 2019)</i>

THE PILGRIMS FRIEND GROUP

Trustees' report For the year ended 31 March 2020

The trustees present their report, together with the financial statements of the group for the year ended 31 March 2020. The trustees' report incorporates the directors' report and the strategic report prepared for the purposes of company law.

ANNUAL REVIEW

This review covers the period during which the Covid19 pandemic started to take hold in the UK with "lockdown" being advised to the nation on 23 March 2020.

The charity had robust plans in place to deal with infection outbreaks and "pandemic" was covered in the risk register reviewed monthly by the Executive and at every Board meeting. Trustees questioned the Executive on our readiness in this area in the last Board meeting of 2019, before the virus was seen widely as a threat in the UK.

The virus hit the work of the charity mostly as a post balance sheet event, but in January, February and March 2020 much of the charity's energy was committed to making sure that it was as ready as it could be.

The trustees conducted an interim lessons learned review on 30 April 2020 and that concluded that the steps we took to upgrade our infection control plans were timely and well-executed initiatives. These included: appointing a "Covid Lead" early on to co-ordinate our response; daily bulletins interpreting what was initially variable and imprecise public health guidance; weekly conference calls with managers; prompt closure of homes to non-essential visitors; drafting Covid-specific pandemic policies. Notwithstanding this, however, the lack of testing and the nature of the virus meant that, along with all other care home groups, we were trying to manage infections when we did not know who was infected. This has a serious impact on our work with almost 25% of our staff reporting absent from work for Covid related reasons in March, April and May. During that period we had infection outbreaks in seven of our homes and thirteen residents had Covid recorded as the cause of their death.

The situation had improved dramatically by June 2020 when tests of all staff and residents revealed only a few asymptomatic cases. Subsequently, weekly staff testing and monthly residents testing have allowed our infection control procedures to work effectively.

There will be more on this topic in subsequent Annual Reviews when the longer term consequences of the pandemic will be clear.

The vision for the Charity set out in our plan is summed up as "Fulfilled Living", by which we mean: older people receiving the Christian encouragement, care and support that they need to live fruitful, productive, and dignified lives. Although the pandemic had a major impact on some aspects of the delivery of this vision as visits were curtailed and people were anxious, we were very encouraged that the spiritual lives of the homes remained strong and many of our residents led the way sharing their certainty of heaven and experiences of how God had sustained them through previous national and personal crises. Our charitable objects include the requirement to "advance the Christian faith" and although we are praying for an end to the pandemic, we are pleased that God has helped our homes advance the Christian faith amongst our staff and residents (family members as we call them).

The charity has a well-established planning process that sets goals that we believe will help us achieve our vision. We then agree strategies to achieve those goals. In this report we will comment on the progress made against each of the goals set for the year ended 31 March 2020 and then report on the subsequent impact of Covid.

THE PILGRIMS FRIEND GROUP

Trustees' report (continued) For the year ended 31 March 2020

Goal 1: Delivering high quality Christian care and support.

We have an ambitious Renewal Programme to bring all our buildings up to the standard necessary to allow us to deliver the highest standards of care and support for the next thirty years. This will involve investing in six new homes over the next decade where the current buildings are expected to become unfit for purpose and maintaining the remainder in good order.

During the year we started building the first new home, Middlefields House in Chippenham to a design that will be the template for other Renewal Programme sites. Due for completion in June 2021 it comprises 48 rooms configured in four households of 12 rooms with access to a community hub that contains facilities like a bistro and meeting/seminar rooms, for residents and the local community. The design will deliver family style living in homely households but with the benefits of facilities that come from being part of a larger unit.

Our plan and prayers are that these new homes will provide the very best of Christian care and that they will help us engage better with local churches to encourage outreach work amongst congregations and other older people living in the community, many of whom have much to offer but are lonely and with no future Christian hope.

The new design is consistent with the best practice from the Royal Institute of British Architects and others to mitigate the risks of infection outbreaks.

By replacing our older homes with newer and larger homes in this way we will help more people living with us and be more effective partners in ministry with local churches.

During the year, we undertook a project that confirmed that there was an appetite amongst commercial and social investors to fund the Renewal Programme, but the formal fund-raising work was paused as we concentrated on responding to the Covid pandemic.

In November 2019 we were saddened to have to close our Brighton home as the difficulty of finding permanent staff; low occupancy and ageing buildings meant that we could not guarantee sustaining a high quality of care. This was our longest serving home that has delivered wonderful care to many people and we thank God for it and for the people who had the vision to establish and run it. The Brighton home was in our Renewal programme list of areas to invest and we continue to look for sites in the Sussex Coast region and to develop partnerships with likeminded charities so that the work might continue in that area.

Our other homes have operated well, and we are pleased that all are rated "good" by the Care Quality Commission. We have continued to invest in dementia training and our approach to living as a "family" with our residents. We now call this simply "The Way we Care" and we refer to residents and staff as "family members". Our investment in care and support beyond essential tasks has, we believe, been a key reason for high levels of occupancy and the quality of care delivered.

During the year at any one time we were caring for and supporting around 410 older people against a total maximum possible of 440. Our purpose-built facilities were effectively full, with the exception of the Evington home.

Thanks to the generosity of Sir Brian and Lady Betty Souter, we were also pleased to be able to add to our housing portfolio Strathclyde House, a beautiful independent living housing complex and Christian community for older people located at Skelmorlie overlooking the Clyde estuary four miles from Largs on the North Ayrshire Coast. To receive this gift into the Group, Pilgrims' Friend Society (PFS) was appointed the sole member of the charity that runs the complex and PFS nominated directors were elected to the Board in June 2019. The 58 Strathclyde House Apartments add welcome scale to our housing offer and came with grant support from the Souter Charitable Trust to enable its transition to sustainable trading.

THE PILGRIMS FRIEND GROUP

Trustees' report (continued) For the year ended 31 March 2020

Goal 2: Preparing for growth

We have made good progress in preparing for the fifty percent growth in our work that we expect to see because of the Renewal Programme alone.

We completed the My Home Life leadership development programme with our managers and did the scoping work for the IT systems needed to underpin the operations of our Renewal Homes and to link our homes and schemes more effectively with the support teams.

We started the strengthening of the Operations team ready for the commissioning of Middlefields House and that capacity allowed us to manage the closure of Brighton and have additional capacity to co-ordinate and lead our response to the Covid19 pandemic.

A Board self-assessment and skills audit in the light of the requirements of the Renewal Programme led to a recruitment process that culminated in the strengthening of the Board as Max Robinson (an experienced Chartered Accountant) and Phil Oliver (who has been a trustee for a care home previously) were confirmed as trustees shortly after the year end.

We still have work to do to strengthen our HR capacity as the recruitment and retention of staff is seen as one of the major challenges that we face as we grow in the face of a tight labour market. Staff turnover at 28% was high but less than the average for the sector. The implementation of a new approach to improve the timelines and reliability of the delivery of financial management information to our homes and schemes was delayed and won't deliver the results we want to see until 2020/21.

Goal 3: Grow our church and community impact

We helped established Faith in Later Life as a separate registered charity to progress our work to inspire and equip Christians to reach, serve and empower older people in every community, through the local Church. Our other partners in this are The Salvation Army, London City Mission and KeyChange. This collaboration with other partners shares the cost and increases the reach and profile of the work.

Faith in Later Life's profile and presence increased significantly during the year. Radio appearances to advocate for older people reached over one million people and there was significant traffic through the website. A conference was planned with the Keswick Convention but this had to be postponed until 2021 because of the Covid pandemic.

This investment in Faith in later Life will release the charities in the Pilgrims Friend Group to focus on increasing our impact in the communities served by our homes and schemes. We are pleased that during the year we were able to pilot successfully the role of a community engagement officer in Chippenham, developing relationships with around 90 churches and facilitating joint work in the community using some of the resources provided by Faith in Later Life.

As at the balance sheet date, as a consequence of delays in setting up bank accounts for the new Faith in Later Life charity the transfer to the new charity of work and assets held within the Faith in Later Life restricted fund had not been completed,

Pilgrims' Friend Society has continued to be prominent in Christian media demonstrating thought leadership on a range of issues relating to a right Biblical view of old older age. This advocacy work helps shape opinion amongst Christians to the benefit of older people.

THE PILGRIMS FRIEND GROUP

Trustees' report (continued)

For the year ended 31 March 2020

RESTRUCTURING UPDATE

The substance of our restructuring work was completed by 31 March 2020. Pilgrim Homes Trust was registered as a charity with objects similar to Pilgrim Homes and the assets of the existing Pilgrim Homes Charity and the previous Pilgrim Homes restricted fund were transferred to this new Charity.

We now have a structure that clearly identifies those assets that are limited to serving Protestant Christians (Pilgrim Homes Trust), but allows us the operational economies of scale that come from conducting all of our caring and support work through Pilgrims' Friend Society. The new structure eliminates the risk of VAT arising on any intra group cross charging required.

FINANCIAL REVIEW

1. Overall Summary

We have much to give thanks to God for in our 2020 accounts. The headline net income added to the charities reserves in the consolidated SOFA on page 15 of the accounts for the year ended 31 March 2020, showed an increase in the charities reserves of £2.305 million, predominantly because of the acquisition of Strathclyde House Trust. Because of the magnitude of this transaction, to enable a comparison with the results of previous years, this financial review will deal with the effect of the Strathclyde House Trust acquisition before reviewing the performance of the rest of the group in more detail.

Strathclyde House Trust

At the end of 2018, Pilgrims' Friend Society was approached by Sir Brian and Lady Betty Souter, who asked the charity if it would be interested in taking over the operations of Strathclyde House. After a series of meetings, at which the operations were reviewed, it was agreed that the Society would take on the operation of the site and Pilgrims' Friend Society was appointed sole member of Strathclyde House Trust. The gift to the Society included the freehold of the site (including a restaurant let to a franchisee), a number of apartments let on assured shorthold tenancies, a stock of nine apartments for sale and the sum of £500,000 as a grant to assist the charity in turning around the operations of the site. Pilgrims Friend Society took on responsibility for the operations on 3 June 2019. Initially members of the senior management team visited the site regularly to meet the residents and from January 2020, Ruth Broomhall, a senior housing manager from Dorothea Court was seconded to Strathclyde House to set in place new procedures and to improve the management of the site.

The first set of accounts for Strathclyde House Trust for an extended 15 months of trading from 1 January 2019 to 31 March 2020, show a loss, as anticipated. Strathclyde House Trust has been consolidated into the group's accounts from 3 June 2019 to 31 March 2020, the period in which the charity was a member of the Pilgrims Friend Group. The loss arising in that period amounts to £115,000. The trustees are confident that performance can be turned around and have recently updated their business plan for the charity. As Strathclyde House is in Scotland, the existing Charity will be retained and at present the operations are being 'ring-fenced' from other Pilgrims' Friend Society assets.

These consolidated accounts include the gift of Strathclyde House in the sum of £2.228 million and a loss of £115,000, and therefore contribute a net surplus of £2.113 million to these group accounts. When this surplus is removed from the group accounts the surplus of £2.305 million is reduced to a surplus of £192,000. Further details of this transaction may be found in notes 2 and 16 to these accounts.

Other significant matters

The charity was notified of large legacy receivable by Pilgrim Homes which is included in these accounts at an estimated value of £0.8 million and taken, in accordance with the established policy of the charity to the futures fund.

THE PILGRIMS FRIEND GROUP

Trustees' report (continued) For the year ended 31 March 2020

One of the effects of the Covid pandemic was to see a dramatic fall in the global stockmarkets in March 2020, at the end of the Charities financial year. This led to a fall in the value of the group's share portfolio. This, coupled with a reduction in the value of the former missionary houses in Redbourn gave rise to an overall reduction of £0.18 million in the value of the group's investment assets.

Overall Performance excluding Strathclyde House

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 £1,129,000 (£192,000 plus £937,000 depreciation).

This is after the exceptional costs of closing the Brighton home during the year (£350,000) and keeping the Chippenham home running pending the commissioning of the new home planned for June 2021 (£150,000). The charity also benefited during the year from an exceptional £800,000 legacy and suffered a non-trading loss on investments of £180,000.

The net result is that the underlying EBITDAR excluding Strathclyde House and excluding these exceptional non trading items was £1,009,000.

2. Major factors influencing this year's results

Apart from the acquisition Strathclyde House, the following were the major factors:

2.1 Occupancy

The year's average care occupancy of our continuing care homes of 89.8% was 0.3% ahead of budget. Only Evington and Chippenham had year average occupancy of less than 90%. Housing occupancy was 89.1%, but our two modern purpose-built schemes at Royd Court and Pilgrim Gardens were effectively full as was our scheme in Bedford. Occupancy for Brighton until closure was around 70% in the care home and only three of the 13 bedsits were occupied.

2.2 Local Authority Shortfall

Our results are also affected by the amount we receive towards the cost of looking after residents who are unable to meet the cost of a place at one of our homes. State funding has not kept up with increased costs and it is estimated that we have helped our less well-off residents to the extent of £1.5m for 2019/20 (up from £1.3m last year and only £0.75m five years ago).

In 2017 the Competition and Markets Authority found that Local Authorities were paying less than the cost of care and it is our prayer that a more just settlement results from the Government's delayed reform of the system.

2.3 Closure of Brighton Home

During the year it was necessary to close the Brighton Home, the oldest of our Pilgrim Homes. A combination of high staff turnover; necessary health and safety improvement and low occupancy made the risks and costs of keeping the home unsustainable. The costs of redundancy and accumulated losses in the year amounted to £350,000. In closing the home, we remain committed to a new home in the Sussex Coast area as part of our Renewal Programme and we paid tribute to those who had the vision for the home and made sure that it delivered excellent care right to the end.

2.4 Renewal Programme

During the year we renamed our plan to replace our ageing buildings as the "Renewal Programme" and we made a start by buying the land and contracting for the building of the first new home in Chippenham. A total of £2.121m was invested in the year, with the balance of £7.4m of costs due from reserves, the Futures Fund and the sale of the Redbourn Missionary Housing site.

THE PILGRIMS FRIEND GROUP

Trustees' report (continued)

For the year ended 31 March 2020

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 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 and receipt transaction between charities.

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.

In those homes and schemes owned by Pilgrim Homes Trust, admission to the homes is restricted, in line with the objects of Pilgrim Homes Trust, to people who have a Protestant Christian testimony validated a by minister's reference and subject to review by the trustees of Pilgrim Homes Trust. In all other homes and schemes we welcome people who want to live with other Christians, who will benefit from our distinctive Christian care and whose presence will not detract from our Christian work.

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 building 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 PILGRIMS FRIEND GROUP

Trustees' report (continued) For the year ended 31 March 2020

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 are in regular communication with our staff colleagues on all matters relating to their terms and conditions of employment. The managers of our homes meet twice a year as the "senior team" and this 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 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 home visitors, friends and auxiliary committees 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.

THE PILGRIMS FRIEND GROUP

Trustees' report (continued) For the year ended 31 March 2020

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 £6.022 million of investments which are divided between a listed portfolio managed by Rathbones and 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, where possible, let to staff members. As such these properties are difficult to dispose of.

The cost of the Renewal Programme at Chippenham (building Middlefields House) will be funded by the sale of investments, investing surplus cash reserves, and the sale of property at Redbourn, Brighton and elsewhere. Accordingly, Pilgrim Homes started to sell the Rathbones investment portfolio with £0.6m sold in March and the remainder to be sold in ten monthly instalments. Given this need for cash, the trustees also take the view that it is better to retain the majority of the charity's funds in bank deposits, rather than investing more of the cash resources into other forms of investment.

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 Renewal Programme will be funded by borrowing, social investment, the sale of some property assets and donations designated to the Futures Fund.

Towards the end of the calendar year 2020, there might be a timing gap between the spend planned to build the new Middlefields House at Chippenham and the receipt of proceeds from the sale of property at Redbourn, at Brighton and from the notified £800k donation.

The group, as a post balance sheet event, has agreed a bridging loan facility of £2.5million with Lloyds Bank to cover this timing difference and other short-term impacts of Covid on the group. This comprises a £1.5million Coronavirus Business Interruption Loan under the government facility and a further £1 million interest only loan with Lloyds Bank. The group hopes not to have to use these facilities and that anticipated property sales will take place and legacy will be received.

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.

THE PILGRIMS FRIEND GROUP

Trustees' report (continued) For the year ended 31 March 2020

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 affecting the Charity are associated with the pandemic.

Reserves

In addition to the various restricted and designated funds, the group holds general reserves sufficient to ensure the charities would be able to cover risk-assessed shortfalls in income or increases in immediate costs. A policy has been agreed whereby the group maintains at least £1,000,000 of these reserves in cash, or cash equivalent funds. The trustees last reviewed this policy in April 2020 and decided not to make any changes to this level of reserves. The Pilgrims Friend Group intends to review and update this policy annually, as reserves are used and debt facilities secured to underpin the long-term renewal programme currently underway.

The total balance held in unrestricted funds at the period end amounted to £8.4m as can be seen from the Consolidated Statement of Financial Activities on page 15 of the accounts.

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. Since the year end, two new trustees, one with previous experience as a care home trustee and a Chartered Accountant with extensive financial experience have been appointed to strengthen the Board.

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.

THE PILGRIMS FRIEND GROUP

Trustees' report (continued)
For the year ended 31 March 2020

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 in order 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

A Copeman

Mr A Copeman (Chairman)
Date: 1 October 2020

THE PILGRIMS FRIEND GROUP

Independent auditors' report to the trustees of The Pilgrims Friend Group For the year ended 31 March 2020

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 2020 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 2020 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 trustees are responsible for the other information. 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.

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.

THE PILGRIMS FRIEND GROUP

Independent auditors' report to the trustees of The Pilgrims Friend Group (continued) For the year ended 31 March 2020

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of our 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 group financial statements are prepared is consistent with the group financial statements; and
- the strategic report and the directors' 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 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

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.

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

THE PILGRIMS FRIEND GROUP

Independent auditors' report to the trustees of The Pilgrims Friend Group (continued) For the year ended 31 March 2020

USE OF OUR REPORT

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and regulations made under that Act. Our audit work has been undertaken so that we might state to the charitable company's 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 charitable company and its 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**

5 Robin Hood Lane
Sutton
Surrey
SM1 2SW

Date: 2 October 2020

THE PILGRIMS FRIEND GROUP

Consolidated statement of financial activities (incorporating the income and expenditure account) For the year ended 31 March 2020

	Note	2020			2019		
		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	2,435	1,225	3,660	188	1,527	1,715
Investments	3	38	162	200	26	163	189
Charitable activities	4	3,970	8,984	12,954	3,176	8,784	11,960
Other trading activities		<u>20</u>	<u>-</u>	<u>20</u>	<u>10</u>	<u>-</u>	<u>10</u>
Total income		<u>6,463</u>	<u>10,371</u>	<u>16,834</u>	<u>3,400</u>	<u>10,474</u>	<u>13,874</u>
Expenditure on:							
Raising funds	5	27	7	34	21	8	29
Charitable activities	6	<u>4,722</u>	<u>9,593</u>	<u>14,315</u>	<u>3,876</u>	<u>9,071</u>	<u>12,947</u>
Total expenditure		<u>4,749</u>	<u>9,600</u>	<u>14,349</u>	<u>3,897</u>	<u>9,079</u>	<u>12,976</u>
Net (losses)/gains on investments		<u>-</u>	<u>(180)</u>	<u>(180)</u>	<u>-</u>	<u>726</u>	<u>726</u>
Net income/(expenditure)	8	1,714	591	2,305	(497)	2,121	1,624
Transfers between funds		<u>(385)</u>	<u>385</u>	<u>-</u>	<u>944</u>	<u>(944)</u>	<u>-</u>
Net movement in funds		1,329	976	2,305	447	1,177	1,624
Reconciliation of funds							
Total funds brought forward		<u>7,152</u>	<u>29,244</u>	<u>36,396</u>	<u>6,705</u>	<u>28,067</u>	<u>34,772</u>
Total funds carried forward		<u>8,481</u>	<u>30,220</u>	<u>38,701</u>	<u>7,152</u>	<u>29,244</u>	<u>36,396</u>

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

The notes on pages 19 to 37 form part of these financial statements.

THE PILGRIMS FRIEND GROUP

Consolidated balance sheet As at 31 March 2020

		2020		2019	
	Note	£000	£000	£000	£000
Fixed assets					
Tangible assets	9		25,938		23,323
Investments	10		<u>6,022</u>		<u>6,171</u>
			31,960		29,494
Current assets					
Stock	12	1,813		794	
Debtors and prepayments	13	1,991		934	
Cash equivalents on deposit		1,101		800	
Cash at bank and in hand		<u>3,038</u>		<u>5,287</u>	
		7,943		7,815	
Creditors: Amounts falling due within one year	14	<u>(1,202)</u>		<u>(913)</u>	
Net current assets			<u>6,741</u>		<u>6,902</u>
Total assets less current liabilities			<u>38,701</u>		<u>36,396</u>
Funds:	15				
Unrestricted funds	15, 16		8,481		7,152
Restricted funds	17		<u>30,220</u>		<u>29,244</u>
Total Funds			<u>38,701</u>		<u>36,396</u>

The financial statements were approved by the Trustees on 1 October 2020 and signed on its behalf by:

A Copeman

A R Copeman
Chairman

J Edwards

J Edwards
Finance Committee Chairman

S Hammersley

S Hammersley
Chief Executive

Company Registration No: 07169875

The notes on pages 19 to 37 form part of these financial statements.

THE PILGRIMS FRIEND GROUP

Company balance sheet As at 31 March 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets		-	-
Investments	11	<u>43</u>	<u>-</u>
		43	-
Current assets			
Stock		-	-
Debtors and prepayments		-	-
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>-</u>
Funds:			
Unrestricted funds		43	-
Restricted funds		<u>-</u>	<u>-</u>
Total Funds		<u>43</u>	<u>-</u>

The financial statements were approved by the Trustees on 1 October 2020 and signed on its behalf by:

A Copeman

A R Copeman
Chairman

J Edwards

J Edwards
Finance Committee Chairman

S Hammersley

S Hammersley
Chief Executive

Company Registration No: 07169875

The notes on pages 19 to 37 form part of these financial statements.

THE PILGRIMS FRIEND GROUP

Consolidated statement of cash flows For the year ended 31 March 2020

	2020 £000	2019 £000
Cash flows from operating activities		
<i>Trading and donations</i>		
Net income	2,305	1,624
Depreciation	937	954
Interest and dividends included in investing activities	(200)	(189)
(Gain)/loss on disposal of fixed assets	(2)	8
Unrealised gain on transfer of property to investments	-	(625)
Realised (gains)/losses on disposal of investments	(25)	23
Movement in fair value of investments	<u>205</u>	<u>(124)</u>
<i>Net cash provided by trading and donations</i>	<u>3,220</u>	<u>1,671</u>
<i>Working capital movements</i>		
(Increase)/decrease in housing stocks	(1,019)	243
(Increase) in debtors	(1,057)	(173)
Increase/(decrease) in creditors	<u>289</u>	<u>(124)</u>
<i>Net cash (used in) working capital movements</i>	<u>(1,787)</u>	<u>(54)</u>
Net cash provided by operating activities	<u>1,433</u>	<u>1,617</u>
Cash flows from investing activities		
<i>Tangible fixed assets</i>		
Payments on additions of tangible fixed assets	(795)	(757)
Payments for land and Construction of Middlefield's House	(2,126)	(135)
Proceeds on disposal of tangible fixed assets	13	139
Gifted by Strathclyde House Trust	<u>(642)</u>	<u>-</u>
<i>Net cash (used in) tangible fixed assets</i>	<u>(3,550)</u>	<u>(753)</u>
<i>Fixed asset investments</i>		
Interest and dividends received	200	189
Payments on additions of fixed asset investments	(701)	(966)
Proceeds on disposal of fixed asset investments	<u>670</u>	<u>930</u>
<i>Net cash provided by fixed asset investments</i>	<u>169</u>	<u>153</u>
Net cash (used in) investing activities	<u>(3,381)</u>	<u>(600)</u>
Net cash (outflow)/inflow	(1,948)	1,017
Cash and cash equivalents at 1 April 2019	<u>6,087</u>	<u>5,070</u>
Cash and cash equivalents at 31 March 2020	<u>4,139</u>	<u>6,087</u>

The notes on pages 19 to 37 form part of these financial statements.

THE PILGRIMS FRIEND GROUP

Notes to the financial statements For the year ended 31 March 2020

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 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.

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.

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued) For the year ended 31 March 2020

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. Investment properties

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. These properties are revalued every year with the surplus or deficit taken to the reserves.

1f. Income

Rental and ancillary 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.

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.

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued) For the year ended 31 March 2020

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.

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.

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued) For the year ended 31 March 2020

2. DONATIONS AND LEGACIES

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
Donations	146	245	391	317
Gift of net assets from other entities	2,228	-	2,228	-
Legacies	<u>61</u>	<u>980</u>	<u>1,041</u>	<u>1,398</u>
	<u>2,435</u>	<u>1,225</u>	<u>3,660</u>	<u>1,715</u>

3. INCOME FROM INVESTMENTS

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
Bank interest	10	14	24	28
Rental of investment properties	28	103	131	111
Dividends	<u>-</u>	<u>45</u>	<u>45</u>	<u>50</u>
	<u>38</u>	<u>162</u>	<u>200</u>	<u>189</u>

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
Care fees	3,399	7,004	10,403	9,849
Housing income	133	1,204	1,337	1,308
Extra Care Housing lease sales	<u>438</u>	<u>776</u>	<u>1,214</u>	<u>803</u>
	<u>3,970</u>	<u>8,984</u>	<u>12,954</u>	<u>11,960</u>

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued) For the year ended 31 March 2020

5. EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
Publicity and deputation	<u>27</u>	<u>7</u>	<u>34</u>	<u>29</u>

6. EXPENDITURE ON CHARITABLE ACTIVITIES

<i>Activities split by fund:</i>	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
Housing	185	826	1,011	889
Care	3,555	7,068	10,623	9,659
Cost of extra care leases sold	425	778	1,203	793
Education and training	130	54	184	164
Raising awareness	78	17	95	75
General support costs	<u>54</u>	<u>210</u>	<u>264</u>	<u>405</u>
	4,427	8,953	13,380	11,985
Depreciation and loss on disposal	<u>295</u>	<u>640</u>	<u>935</u>	<u>962</u>
	<u>4,722</u>	<u>9,593</u>	<u>14,315</u>	<u>12,947</u>

THE PILGRIMS FRIEND GROUP

Notes to the financial statements For the year ended 31 March 2020

6. EXPENDITURE ON CHARITABLE ACTIVITIES (continued)

<i>Analysis by activity:</i>	Housing £000	Care £000	Extra care leases £000	Education & training £000	Raising awareness £000	General support £000	Total 2020 £000	Total 2019 £000
Salaries and wages	360	6,983	-	81	29	1,145	8,598	8,063
Food	103	511	-	-	-	-	614	570
Administrative expenses	46	273	-	13	-	466	798	737
Repairs and maintenance	110	652	-	-	-	-	762	812
Heat and light	76	257	-	-	-	-	333	313
Other expenses	153	469	-	90	66	11	789	576
Cost of extra care leases sold	-	-	1,203	-	-	-	1,203	793
Professional fees	1	96	-	-	-	186	283	125
Governance costs: audit fees	-	8	-	-	-	20	28	23
Allocated administrative costs	<u>162</u>	<u>1,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,564)</u>	<u>(28)</u>	<u>(27)</u>
	1,011	10,623	1,203	184	95	264	13,380	11,985
Buildings depreciation	201	502	-	-	-	-	703	697
General depreciation	33	163	-	-	-	38	234	257
Loss/(gain) on disposal	<u>-</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7)</u>	<u>(2)</u>	<u>8</u>
	<u>1,245</u>	<u>11,293</u>	<u>1,203</u>	<u>184</u>	<u>95</u>	<u>295</u>	<u>14,315</u>	<u>12,947</u>

During the year the auditors were paid £52,000 for non-audit services (2019: £7,000).

Support costs (less allocated administrative costs):

Staff costs	1,145	1,054
Depreciation and losses on disposal	38	52
(Gain) on disposal	(7)	(9)
Professional fees	186	102
Other administrative expenses	<u>466</u>	<u>434</u>
	<u>1,828</u>	<u>1,633</u>

THE PILGRIMS FRIEND GROUP

Notes to the financial statements For the year ended 31 March 2020

7. STAFF COSTS

	2020 £000	2019 £000
Wages and salaries	7,146	6,886
Redundancy costs	60	57
Social security costs	456	437
Pension costs	266	187
Agency staff costs	<u>670</u>	<u>496</u>
	<u>8,598</u>	<u>8,063</u>

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

	No	No
Homes	472	491
Head Office	<u>28</u>	<u>27</u>
	<u>500</u>	<u>518</u>

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

	No	No
Homes	290	297
Head Office	<u>25</u>	<u>25</u>
	<u>315</u>	<u>322</u>

The emoluments of two employees exceeded £60,000 in the year ended 31 March 2020 (2019: two). One of those employees earned between £60,000 and £70,000 and the other earned between £80,000 and £90,000 (2019: one between £60,000 and £70,000 and one between £80,000 and £90,000).

No remuneration was paid to any trustee during the year (2019: £nil). Travel expenses of £2,864 (2019: £2,702) were reimbursed to 6 trustees (2019: 6 trustees) for items incurred wholly, exclusively and necessarily in the course of the charity's business.

The total aggregate remuneration of Key Management Personnel for the year was £385,750 (2019: £369,741).

A termination payment of £21,600 was made during the year in recognition of the long service of an employee whose health suddenly deteriorated to a significant extent. The redundancy payments were in relation to staff at the Brighton home that was closed in the year. Termination and redundancy costs are recognised when there is a legal or constructive obligation arising. There were no outstanding termination payments or redundancy pay at the year end.

8. NET INCOME/(EXPENDITURE)

	2020 £000	2019 £000
This is stated after charging:		
Depreciation	937	954
Loss on disposal	(2)	8
Auditors' remuneration for audit services	31	23
Auditors' remuneration for other services	<u>52</u>	<u>7</u>

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued) For the year ended 31 March 2020

9. TANGIBLE FIXED ASSETS

	Freehold properties £000	Assets in the course of construction £000	Furniture, fittings and equipment £000	Motor vehicles £000	Total £000
Cost or valuation					
As at 1 April 2019	27,241	135	1,737	75	29,188
Gifted by other entities	841	-	22	-	863
Additions	2,091	671	105	54	2,921
Disposals	-	-	(31)	(24)	(55)
As at 31 March 2020	<u>30,173</u>	<u>806</u>	<u>1,833</u>	<u>105</u>	<u>32,917</u>
Depreciation					
As at 1 April 2019	5,018	-	801	46	5,865
Gifted by other entities	214	-	7	-	221
Charge for the year	703	-	216	18	937
Released on disposals	-	-	(20)	(24)	(44)
As at 31 March 2020	<u>5,935</u>	<u>-</u>	<u>1,004</u>	<u>40</u>	<u>6,979</u>
Net book value					
As at 31 March 2020	<u>24,238</u>	<u>806</u>	<u>829</u>	<u>65</u>	<u>25,938</u>
As at 31 March 2019	<u>22,223</u>	<u>135</u>	<u>936</u>	<u>29</u>	<u>23,323</u>

The Freehold properties detailed above are owned by Pilgrims' Friend Society and Pilgrim Homes Trust, both subsidiaries of The Pilgrims Friend Group. Details of cost/valuation of the properties is detailed below and on the following page:

Pilgrims' Friend Society

	2020 £000	2019 £000
At cost:		
Redbourn Flats	-	1,300
Bethany Christian Home, Plymouth	576	565
Ernest Luff Care Home, Walton-on-the-Naze	1,840	1,754
Ernest Luff House, Walton-on-the-Naze	1,545	1,533
Emmaus Care Home, Harrogate	869	848
Permanent landscape, Ernest Luff Care Home	34	34
Florence House, Peterborough	<u>621</u>	<u>610</u>
	5,485	6,644
Strathclyde House Trust:		
Strathclyde House at cost	<u>841</u>	-
Carried forward	<u>6,326</u>	<u>6,644</u>

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued) For the year ended 31 March 2020

9. TANGIBLE FIXED ASSETS (continued)

Pilgrim Homes Trust

Freehold and long leasehold property together with assets in the course of construction comprises the following:

	2020	2019
	£000	£000
At cost:		
Dorothea Court, Bedford	4,363	4,317
Leonora Home, Chippenham	327	327
Great Finborough Home	1,727	1,670
Great Finborough Housing	2,389	2,245
Evington Home, Leicester	2,159	2,019
Shottermill Home, Haslemere	1,399	1,247
Milward Home, Tunbridge Wells	1,255	1,207
Wantage Home	1,558	1,512
Royd Court, Mirfield	3,440	3,440
Pilgrim Gardens, Evington, Leicester	2,081	2,079
Land at Churston Ferrers	60	60
Redbourn retirement flats	<u>1,300</u>	-
	22,058	20,123
At Committee's revaluation, 31st March 1954 plus cost since:		
Brighton Home	<u>464</u>	<u>464</u>
	22,522	20,587
Assets in the course of construction (including land already purchased):		
Middlefields House Chippenham	<u>1,988</u>	-
	24,510	20,587
Long leasehold property at cost:		
Crosfield Court, Watford	<u>143</u>	<u>143</u>
	24,653	20,730
Brought forward from previous page	<u>6,326</u>	<u>6,644</u>
Total freehold properties and assets in the course of construction	<u>30,979</u>	<u>27,374</u>

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued) For the year ended 31 March 2020

10. INVESTMENTS - GROUP

	Listed investments £000	Investment properties £000	Total £000
Valuation			
As at 1 April 2019	1,978	4,193	6,171
Additions	699	2	701
Disposals	(645)	-	(645)
Revaluation	<u>(107)</u>	<u>(98)</u>	<u>(205)</u>
As at 31 March 2020	<u>1,925</u>	<u>4,097</u>	<u>6,022</u>
Held by			
Restricted funds	<u>1,925</u>	<u>4,097</u>	<u>6,022</u>
Historic cost			
As at 31 March 2020	<u>1,217</u>	<u>2,994</u>	<u>4,211</u>

Investment properties comprise the following:

	2020 £000	2019 £000
At market value:		
No's 8,10,12, 14 and 16 Harding Close, Redbourn (transferred from tangible fixed assets)	2,175	2,300
*House on Pilgrims' Way, Great Finborough	225	222
*60 Royd Court, Mirfield	186	179
*90a Wood Lane, Chippenham	355	351
*90 Wood Lane, Chippenham	357	352
*92 Wood Lane, Chippenham	472	465
*House on Liphook Road, Haslemere	<u>327</u>	<u>324</u>
	<u>4,097</u>	<u>4,193</u>

*These investment properties were revalued as at 31 March 2020 by the Director of Property Services, Andy Walsh ARIBA. The values shown above were determined as being the open market value of each property as at 31 March 2020.

11. INVESTMENTS – COMPANY ONLY

	2020 £000	2019 £000
Investment in PFG Trading Ltd	<u>43</u>	-
	<u>43</u>	-

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued) For the year ended 31 March 2020

12. STOCK

	2020 £000	2019 £000
Stock of leasehold flats held for resale (see below)	1,798	777
Stock of books	<u>15</u>	<u>17</u>
	<u>1,813</u>	<u>794</u>

Contingent liabilities on housing stock

Under the terms of the sale of leases 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 these is £3.8 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 these is £3.7 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 these is £1.7 million.

	Strathclyde House		Royd Court		Pilgrim Gardens		Total £000
	Number No	Cost £000	Number No	Cost £000	Number No	Cost £000	
As at 1 April 2019	-	-	4	481	2	296	777
Gifted by other entities	12	941	-	-	-	-	941
Sold	(5)	(428)	(3)	(390)	(1)	(130)	(948)
Bought back	6	508	2	260	3	390	1,158
Transferred to Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(130)</u>	<u>(130)</u>
As at 31 March 2020	<u>13</u>	<u>1,021</u>	<u>3</u>	<u>351</u>	<u>3</u>	<u>426</u>	<u>1,798</u>

13. DEBTORS AND PREPAYMENTS

	2020 £000	2019 £000
Arrears of local authority and residents' contribution	344	251
Amounts owed from Pilgrim Gardens service charge	1	-
Amounts owed from Royd Court service charge	7	-
Amounts owed from Strathclyde service charge (see note below)	482	-
Other debtors and prepayments	<u>1,157</u>	<u>683</u>
	<u>1,991</u>	<u>934</u>

The Strathclyde Trust service charge debtor represents cash held for Strathclyde House Trust within the Strathclyde House service charge

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued) For the year ended 31 March 2020

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

	2020 £000	2019 £000
Residents' contributions in advance	2	2
Trade creditors	501	286
Taxation and social security	72	93
Other creditors and accruals	<u>627</u>	<u>532</u>
	<u>1,202</u>	<u>913</u>

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Funds £000	Designated Funds £000	Restricted Funds £000	Total Funds £000
2020				
Fixed assets				
Tangible	6,545	825	18,568	25,938
Investments	-	-	6,022	6,022
Current assets	816	1,497	5,630	7,943
Current liabilities	(1,192)	(10)	-	(1,202)
Total Net Assets	<u>6,169</u>	<u>2,312</u>	<u>30,220</u>	<u>38,701</u>

2019

Fixed assets				
Tangible	5,199	248	17,876	23,323
Investments	-	-	6,171	6,171
Current assets	2,618	-	5,197	7,815
Current liabilities	(913)	-	-	(913)
Total Net Assets	<u>6,904</u>	<u>248</u>	<u>29,244</u>	<u>36,396</u>

16. DESIGNATED FUNDS

	Brought forward at 1 April 2019 £000	Income £000	Expenditure £000	Net assets gifted £000	Carried forward at 31 March 2020 £000
2020					
Futures Fund (Designated)	248	47	(96)	-	199
Strathclyde House Trust	-	466	(581)	2,228	2,113
	<u>248</u>	<u>513</u>	<u>(677)</u>	<u>2,228</u>	<u>2,312</u>

2019

Futures Fund (Designated)	263	18	(33)	-	248
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THE PILGRIMS FRIEND GROUP

Notes to the financial statements For the year ended 31 March 2020

17. a) RESTRICTED FUNDS – PILGRIM HOMES

2020	Brought forward at 1 April 2019 £000	Income £000	Expenditure £000	Revaluations and transfers £000	Carried forward at 31 March 2020 £000
Funds restricted by Pilgrim Homes articles:					
<i>General unrestricted funds</i>					
Pilgrim Homes Fund	<u>8,123</u>	<u>9,385</u>	<u>(9,434)</u>	<u>312</u>	<u>8,386</u>
<i>Designated Funds</i>					
Operational Assets Equity Fund	15,992	-	-	-	15,992
Operational Risk Reserve	1,030	-	-	-	1,030
Property Emergency Repair Fund	50	-	-	-	50
Futures Fund	<u>1,678</u>	<u>808</u>	<u>(86)</u>	<u>(62)</u>	<u>2,338</u>
<i>Total designated funds restricted by Pilgrim Homes articles</i>	<u>18,750</u>	<u>808</u>	<u>(86)</u>	<u>(62)</u>	<u>19,410</u>
<i>Pilgrim Homes Restricted Funds</i>					
St Albans Home	438	3	-	-	441
Lucy McNeil Home	1,841	8	-	-	1,849
Homes Voluntary Support Funds (see note 16c)	<u>61</u>	<u>49</u>	<u>(3)</u>	<u>(41)</u>	<u>66</u>
<i>Total restricted funds restricted by Pilgrim Homes articles</i>	<u>2,340</u>	<u>60</u>	<u>(3)</u>	<u>(41)</u>	<u>2,356</u>
Total restricted funds – Pilgrim Homes	<u>29,213</u>	<u>10,253</u>	<u>(9,523)</u>	<u>209</u>	<u>30,152</u>
17. b) RESTRICTED FUNDS – GENERAL					
NYCC Grant	1	-	-	-	1
Faith in Later Life	5	113	(77)	-	41
Homes Voluntary Support Funds (see note 16c)	10	1	-	(4)	7
Local Homes Project Funds	12	3	-	-	15
Dementia Fund	<u>3</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>4</u>
Total restricted funds - general	<u>31</u>	<u>118</u>	<u>(77)</u>	<u>(4)</u>	<u>68</u>
Total restricted funds	<u>29,244</u>	<u>10,371</u>	<u>(9,600)</u>	<u>205</u>	<u>30,220</u>

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued)
For the year ended 31 March 2020

17. c) RESTRICTED FUNDS – HOMES VOLUNTARY SUPPORT FUNDS

2020	Brought forward at 1 April 2019 £000	Income £000	Expenditure £000	Revaluations and transfers £000	Carried forward at 31 March 2020 £000
Funds restricted by Pilgrim Homes articles:					
Brighton	-	3	-	(3)	-
Chippenham	-	1	-	-	1
Great Finborough	23	6	-	(5)	24
Evington	11	14	-	(8)	17
Tunbridge Wells	8	4	-	(9)	3
Wantage	5	13	-	(15)	3
Shottermill	14	7	(3)	-	18
Bedford	-	1	-	(1)	-
<i>Total funds restricted by Pilgrim Homes articles</i>	61	49	(3)	(41)	66
Other restricted funds					
Bethany Christian Home	2	-	-	-	2
Emmaus House	8	1	-	(4)	5
Florence House	-	-	-	-	-
Total Homes Voluntary Support Funds	<u>71</u>	<u>50</u>	<u>(3)</u>	<u>(45)</u>	<u>73</u>

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued)
For the year ended 31 March 2020

17. a) RESTRICTED FUNDS – PILGRIM HOMES

2019	Brought forward at 1 April 2018	Income	Expenditure	Revaluations and transfers	Carried forward at 31 March 2019
	£000	£000	£000	£000	£000
Funds restricted by Pilgrim Homes articles:					
<i>General unrestricted funds</i>					
Pilgrim Homes Unrestricted Funds	<u>6,372</u>	<u>10,319</u>	<u>(9,012)</u>	<u>444</u>	<u>8,123</u>
<i>Designated Funds</i>					
Operational Assets Equity Fund	16,153	-	-	(161)	15,992
Operational Risk Reserve	1,030	-	-	-	1,030
Property Emergency Repair Fund	50	-	-	-	50
Futures Fund	652	26	-	1,000	1,678
Watford Almshouse Designated Fund	<u>723</u>	<u>-</u>	<u>-</u>	<u>(723)</u>	<u>-</u>
<i>Total designated funds restricted by Pilgrim Homes articles</i>	<u>18,608</u>	<u>26</u>	<u>-</u>	<u>116</u>	<u>18,750</u>
<i>Pilgrim Homes Restricted Funds</i>					
St Albans Home	435	3	-	-	438
Lucy McNeil Home	1,829	12	-	-	1,841
Homes Voluntary Support Funds	149	72	(2)	(158)	61
Watford	<u>587</u>	<u>1</u>	<u>(2)</u>	<u>(586)</u>	<u>-</u>
<i>Total restricted funds restricted by Pilgrim Homes articles</i>	<u>3,000</u>	<u>88</u>	<u>(4)</u>	<u>(744)</u>	<u>2,340</u>
Total restricted funds	<u>27,980</u>	<u>10,433</u>	<u>(9,016)</u>	<u>(184)</u>	<u>29,213</u>
17. b) RESTRICTED FUNDS – GENERAL (continued)					
NYCC Grant	1	-	-	-	1
Faith in Later Life	14	20	(40)	11	5
Homes Voluntary Support Funds	22	7	(1)	(18)	10
Local Homes Project Funds	39	2	(13)	(16)	12
Lonely No Longer Fund	11	-	-	(11)	-
Dementia Fund	<u>-</u>	<u>12</u>	<u>(9)</u>	<u>-</u>	<u>3</u>
Total other restricted funds	<u>87</u>	<u>41</u>	<u>(63)</u>	<u>(34)</u>	<u>31</u>
Total restricted funds	<u>28,067</u>	<u>10,474</u>	<u>(9,079)</u>	<u>(218)</u>	<u>29,244</u>

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued)
For the year ended 31 March 2020

17. c) RESTRICTED FUNDS – HOMES VOLUNTARY SUPPORT FUNDS (continued)

	Brought forward at 1 April 2019 £000	Income £000	Expenditure £000	Revaluations and transfers £000	Carried forward at 31 March 2019 £000
2019: Homes Voluntary Support Funds					
Funds restricted by Pilgrim Homes articles:					
Brighton	1	3	-	(4)	-
Chippenham	-	4	-	(4)	-
Great Finborough	121	25	-	(123)	23
Evington	5	12	-	(6)	11
Tunbridge Wells	1	7	-	-	8
Wantage	7	14	-	(16)	5
Shottermill	9	6	(1)	-	14
Bedford	<u>5</u>	<u>1</u>	(1)	(5)	-
<i>Total funds restricted by Pilgrim Homes articles</i>	149	72	(2)	(158)	61
Other restricted funds					
Ernest Luff Care	-	3	-	(3)	-
Bethany Christian Home	2	-	-	-	2
Emmaus House	20	3	(1)	(14)	8
Florence House	<u>-</u>	<u>1</u>	-	(1)	-
Total Homes Voluntary Support Funds	171	79	(3)	(176)	71

THE PILGRIMS FRIEND GROUP

Notes to the financial statements For the year ended 31 March 2020

18. 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.

Futures Funds

The trustees have agreed to designate all legacies received over £100,000 to these funds, which would then be available to meet the costs of redeveloping the properties owned by the group.

The remaining £200,000 of the Ormonde Trust gift, accrued in last year's accounts was received during the year. The trustees agreed to designate a further legacy of £0.8 million to the Futures Fund in the current financial year.

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.

NYCC grant (Emmaus)

This relates to £2,250 received from NYCC in the year ended 31 December 2007 for the purchase of the Conservatory Heating and a Hospital Bed and Mattress. The grant is being released at the same rate as the depreciation of the assets to which it relates, i.e. 15% reducing balance basis. Therefore, the deduction is the brought forward amount multiplied by 15%.

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.

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued) For the year ended 31 March 2020

18. FURTHER DETAILS ABOUT RESTRICTED AND DESIGNATED FUNDS (continued)

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.

19. LEASING COMMITMENTS

Operating leases

The charitable company's total future minimum lease payments under operating leases at 31 March 2020 were payable as set out below:

	2020	2019
	£000	£000
Within one year	104	104
Within two to five years	<u>79</u>	<u>183</u>
	<u>183</u>	<u>287</u>

The operating lease charges for the year were:

	2020	2019
	£000	£000
Land and buildings	72	72
Hire of plant and machinery	<u>111</u>	<u>111</u>
	<u>183</u>	<u>183</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.

20. PENSION COMMITMENTS

The pension cost charge represents contributions payable by the group to the pension funds. There were contributions of £20,000 due to the fund at the period end (2019: £29,000).

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 £6,000 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.

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued) For the year ended 31 March 2020

21. CAPITAL COMMITMENTS

The subsidiary company, PFG Trading Ltd, has engaged Midas Construction Limited as sub-contractor for the development at Middlefields, a site in Chippenham, and entered into a building contract sum of £5,403,109 to be completed by Spring 2021.

22. 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 the full £500,000 as the first year would not have fully passed. The Pilgrim Friends Group has no plans to dispose of Strathclyde House.

23. RELATED PARTY TRANSACTIONS

Details of trustees' and key management personnel and remuneration are disclosed in note 7 to the financial statements.

24. 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.

25. WELLSBOROUGH OVERAGE RECEIPT

During the year, Pilgrim Homes received notification that planning permission had been granted for the development of a number of houses on the site of the former Wellesborough Care home. Granting of planning permission triggers a further payment to the charity as a result of an 'overage' clause included in the contract of sale of the site. The value of the overage is dependant on the scale of development on the site and initial estimates suggest that this will amount to around £700,000. Payment of the sum due is being negotiated by the charity's solicitors Blake Morgan. At present no asset has been included in these accounts.