

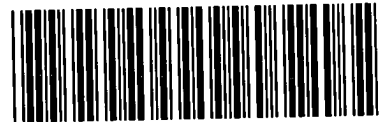
THE PILGRIMS FRIEND GROUP
(formerly APFS 1807)

Financial Statements

For the year ended 31 March 2019

COMPANY NUMBER 07169875
CHARITY NUMBER 1134979

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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 2019

DIRECTORS AND TRUSTEES

| | |
|---|---------------------------------------|
| Alan Copeman (Chairman) | Bryan Jarvis (Vice-Chairman) |
| Alan Hare (Treasurer) | Andrew Symonds (Vice-Chairman) |
| Thomas Creedy (appointed 26 September 2018, resigned 2 July 2019) | Dr Judy McLaren |
| John Edwards | Sheila Warnes (appointed 21 May 2019) |
| Jonathan Gulliford (resigned 8 July 2019) | |

COMPANY SECRETARY

Mr A P Bray

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 and Company Secretary</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> |

THE PILGRIMS FRIEND GROUP

Trustees' report For the year ended 31 March 2019

The trustees are pleased to present their report, together with the financial statements of the group for the year ended 31 March 2019. The trustees' report incorporates the directors' report and the strategic report prepared for the purposes of company law.

ANNUAL REVIEW

The plan vision for the Society 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. To monitor progress, we set goals and then agree strategies to achieve those goals. In this report we will comment on the progress made against each of those goals.

Goal 1: Homes and Schemes delivering our Vision of Care and increasingly supporting churches' ministries in the community

The Trustees thank God that significant progress has been made against this goal in the year.

Locally our managers monitor the quality of what we do through rolling surveys of people who live and work with us and through internal audit visits. These show us that we are doing well overall and highlight where we can do even better. We are pleased that as at 31/3/19 all our homes were rated "good" by the Care Quality Commission (CQC).

We have continued to roll out our "Way We Care" project, a major investment in the way that we organise and run things to create homes and "family" settings that work well for people living with dementia. We use the language of "family" in this programme and our training and organisation is designed to enable our staff colleagues to live alongside people, helping as required and helping people to contribute to life at home as would be the case in a "family". This way of working is now in place in our homes at Wantage, Tunbridge Wells, Walton-on-the-Naze, Evington, Great Finborough, and Harrogate.

We have been able to carry on making improvements to our existing homes. In Suffolk we opened and filled a 12-bed extension to our Great Finborough home. We give thanks to our God for this Ormonde wing made possible by the closure of the Ormonde Trust from where some of the new residents came and from where most of the funding was sourced. It has been good to work with the Ormonde Trustees to deliver this sustainable increase in Christian care provision.

Our programme to improve our premises more radically, including building new homes to replace old ones that no longer help us to deliver the highest quality care for frailer people, has been renamed as our "Renewal Programme". We have agreed a template design for new homes that takes its lead from Scripture with the idea of a "household" of up to 12 rooms being at the heart of the concept. The design sees each of our new homes having three goals in partnership with local churches:

- Caring for people who want and need Christian care in a Christian environment
- Sharing with churches what we have learned about Christian care and ministry with older people
- Where the site permits having a community "hub" open to all as a witness to how the Bible values older people.

Shortly after the year end (9/4/19) we received planning permission for the first of these new homes at Chippenham and once the sale of the land by the Council is completed, we hope, God willing to start building in 2019/20.

The "Renewal Programme" for the Society is significant. It will take us over a decade and will require an investment of around £25m. During the year ahead (2019/20) we will start to talk more proactively with our supporters about the financial and prayer support that this programme requires.

THE PILGRIMS FRIEND GROUP

Trustees' report (continued)

For the year ended 31 March 2019

Goal 2: Christian support to older people available in every town and city through people and churches inspired and equipped by our work

This is a longer-term goal that reflects the reality that many more people than those for whom we can provide supportive homes are going to be living in the community facing the end of life alone, with little fellowship, and only transactional domiciliary care. Our approach is to equip, encourage and inspire Churches and individual Christians to meet this need; and to support those who are involved in caring with good information.

To this end, we have:

- Invested time, money and personnel in "Faith in Later Life," an initiative with other like-minded charities to inspire and equip churches in their ministries with older people.
- Continued to publish books, hold conferences and be prominent in the media helping people to understand God's purposes for older age.

Goal 3: Known as leaders in the thought and practice of engaging with older people

Secular society needs to discover the Biblical pattern of seeing older people valued, created in the image of God, with a distinct role to play and a calling to live out.

We have continued to play a part in shaping this debate through the conferences described above, and through the writing and media work that we undertake.

The charity continues to participate in "Christians Together Against Loneliness" which is an attempt with other charities to ensure that there is a Christian input and influence present in what has been going on around the secular Campaign to End Loneliness.

Goal 4: Sustainable growth

During the year our most significant investment has been in the leadership of our homes and schemes through a programme for managers called "Pathway to Outstanding Leadership" that we developed with help from the MyHomeLife organisation.

Our supporters, and especially their prayer for our work, are also essential to our sustainable growth. We have recruited over 800 new supporters. The annual meeting in 2018 was again attended by 400 people, over twice as many as in 2016. The Trustees thank God for each supporter.

The financial sustainability of the charity is part of this goal as well. The accounts show a stronger pattern emerging than in recent years. Occupancy has been stronger than expected in several locations and this has meant that our caring operations produced a sufficiently positive cashflow to allow us to do all our planned maintenance improvement work with a small surplus available for future years as well.

The trustees are cautious about this trend as the key improvements have been in homes that we know longer term are facing challenges because of their location and age.

A key issue, which shows no signs of easing, is the growth of the difference between our costs and the fees that local authorities pay for care. We are not alone in facing this issue, but unlike some others we continue to admit people based on need rather than targeting people who can pay.

THE PILGRIMS FRIEND GROUP

Trustees' report (continued)
For the year ended 31 March 2019

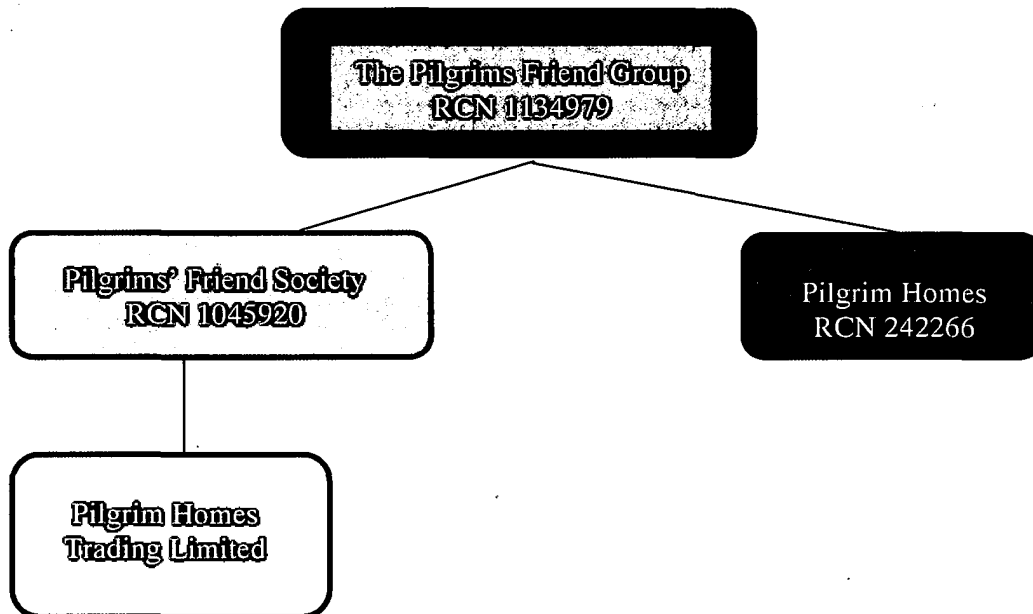
RESTRUCTURING UPDATE

The issue of consolidated accounts this year in the name of *The Pilgrims Friend Group*, is further evidence of progress on the restructuring journey. During the current year, the merger of Anna Victoria Nursing Home with Pilgrims' Friend Society took place, thereby eliminating a redundant charity.

On 5 February 2019, the trustees approved a change in name for this charity, from "APFS 1807" to "The Pilgrim Friends Group" and made further adjustment to the group structure, whereby this charity became the lead charity within the group.

The two charts that follow indicate firstly the group structure at the current year end (2018/19), and secondly what we expect will be the final structure to be realised by the end of the current financial year (2019/20).

Structure 31/3/19

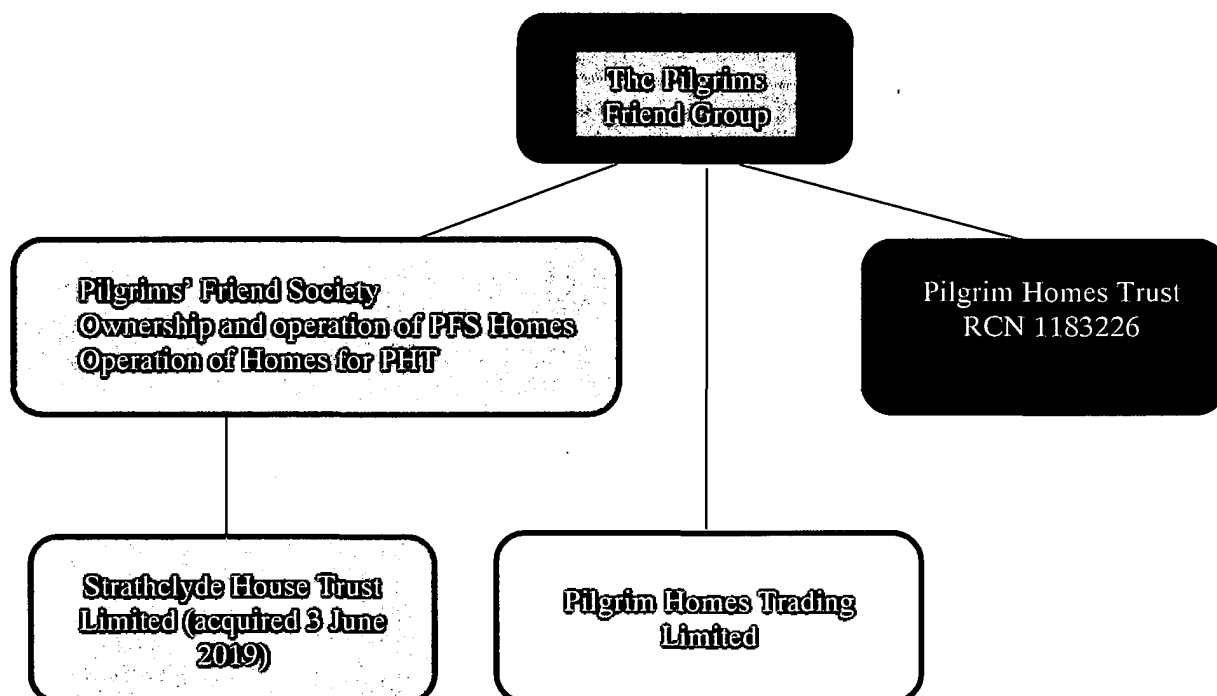


Further to discussions with the Charity Commission, The Pilgrims Friend Group have taken steps to create a new company limited by guarantee, Pilgrim Homes Trust which was formed in November 2018. The articles of Pilgrim Homes Trust mirror the articles of the existing Pilgrim Homes. Pilgrim Homes Trust will replace the existing Pilgrim Homes, which has an unincorporated trust structure. Since the year end, Pilgrim Homes Trust has been registered as a charity. The final actions needed to complete the restructuring will be to transfer the assets of Pilgrim Homes and the assets within the Pilgrim Homes Restricted Fund (currently part of Pilgrims' Friend Society) to this new Charity which will take place in the 2019/20 financial year.

THE PILGRIMS FRIEND GROUP

Trustees' report (continued)
For the year ended 31 March 2019

Expected Structure on Completion of Restructuring by 31 March 2020



FINANCIAL REVIEW

We have much to give thanks to God for in our 2019 accounts. Five significant good news stories from a financial perspective were:-

1. The completion of the 12-bed extension at Great Finborough and filling the new rooms within a three-month period.
2. A significant turn-around in performance and occupancy at our Luff Home.
3. Higher levels of occupancy at most of our care homes in the year.
4. Receipt of a gift of £800,000 from the trustees of the Ormonde Trust, following the sale of the former Ormonde House Care Home, together with the promise of a further £200,000 when the trust is formally wound up this year.
5. 'In Principle' Agreement has been reached with Wiltshire Council to purchase land at Chippenham to build a 48-bed care home to replace the existing Leonora home. These accounts include design and planning costs of £135,000 for the new home.

The year was not without challenges though. These centred around poor occupancy at our care homes in Brighton and Chippenham, two of our older homes and are part of our Renewal Programme. Several of our older housing schemes also had lower than expected occupancy.

The Statement of Financial Activities (SOFA) on page 18 of these accounts shows a very satisfactory increase in net assets of the charity of almost £2 million. A significant proportion of this increase was down to two transactions, within Pilgrims' Friend Society which are outside the normal activities of the charity and which are discussed in more detail below.

THE PILGRIMS FRIEND GROUP

Trustees' report (continued) For the year ended 31 March 2019

Firstly, following the completion of the 12-bed extension at Great Finborough and the transfer of some residents from the former Ormonde House Care Home in Ipswich, the trustees of the Ormonde Home have sold the former care home that they operated and have confirmed that they intend, from the Sales Proceeds of the Ormonde House Care Home, to give the sum of £1 million to Pilgrim Homes towards replacing the funds used to pay for the extension. Although the trustees had agreed to make a substantial gift following the sale of their care home, the amount of the gift which we are to receive was considerably higher than we had expected. The amount of £800,000 was received by Pilgrim Homes in the current year with the balance of £200,000 expected to be paid in the next financial year.

On 1 May 2018, the trustees agreed that the former Redbourn Missionary Houses and Flats be transferred from the general fund of Pilgrims' Friend Society to the Pilgrim Homes Restricted Fund, to settle the £3,000,000 interfund loan referred to in the 2018 analysis table above. To ensure that the amount paid by the Pilgrim Homes Restricted Fund was appropriate, the trustees requested a valuation from a local estate agent who valued the 5 houses at £2,600,000 and £1,300,000 for the 5 Flats. The £3,900,000 value agreed by the trustees was settled by the Pilgrim Homes Restricted Fund paying cash for the properties. £3,000,000 of the cash received was then used to extinguish the intra fund loan

The second 'non-trading' addition to the reserves, arises principally from a revaluation of 5 freehold houses at Redbourn, which were transferred from the Pilgrim Friends Society General Fund to the Pilgrim Homes Restricted Fund during the year. This transaction is discussed more fully in the accounts of Pilgrims' Friend Society. Essentially 10 properties, 5 flats and five houses were acquired by the Pilgrim Homes Restricted Fund from the Pilgrim Homes restricted fund. The open market value of the properties was determined by the directors, on taking professional advice to be £3,900,000, giving rise to a transfer between the restricted fund and the general fund of £944,000 and this sum was transferred from this restricted fund to the general fund on the face of the SOFA. This transfer is noted in note 9 to these accounts.

The gain reflected in the SOFA amounted to £700K, comprising the surplus on this transaction and a £101K gain on investments arising during the year.

Depreciation and Cashflow

This charge for depreciation is a significant one for the Society. The group owns a number of freehold properties the majority of which form the infrastructure through which our care and housing is delivered. These are included in the accounts at their historic cost to the charity less depreciation in previous years. We are required to depreciate all our assets to match the cost of the assets with the number of years over which they will be usable by the charity. Each element of the properties has their own estimated useful life, as do our other assets such as equipment, motor vehicles for our operations and property teams and computers.

There is no cash impact from the depreciation charge and because it is the cashflow of the charity that matters when it comes to short and long term planning, the Senior Management Team of the Charity pay particular attention to the management of the cash resources of the charity and the management of EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation.)

The Cashflow Summary Review shown below sets out the implications for the Charity's cashflow of these results. As the Charity neither pays interest nor tax, depreciation is the key difference between the Cashflow Summary Review and the Consolidated Statement of Financial Activities (SOFA) on page 18 of these accounts.

THE PILGRIMS FRIEND GROUP

Trustees' report (continued)
For the year ended 31 March 2019

Cashflow Summary Review

| The Pilgrims Friend Group - A cashflow summary indicating the effects of Low Occupancy, Local Authority Shortfall and Capital Expenditure for the year ended 31 March 2019 | | | | |
|--|----------------|--------------------------------------|-------------------------------------|----------------|
| Income and Expenditure by Category | Homes £'000 | Wellbeing and Housing £'000 | Charity and Outreach £'000 | Total £'000 |
| Income if full occupancy at Basic care fee levels | 11,622 | | | 11,622 |
| Less: Cost of Empty Rooms | -1,405 | | | -1,405 |
| Less: Local Authority Shortfall | -1,481 | | | -1,481 |
| Charges for extra care | 1,113 | | | 1,113 |
| Rental income | | 1,308 | | 1,308 |
| Flat sales | | 803 | | 803 |
| Donations & Legacies | 81 | | 634 | 715 |
| Income from Investments | | | 189 | 189 |
| Trading income | | | 10 | 10 |
| Total income | 9,930 | 2,111 | 833 | 12,874 |
| Care and Housing costs | 9,659 | 889 | | 10,548 |
| Flat Purchases | | 793 | | 793 |
| Engagement and Outreach Costs | | | 239 | 239 |
| Head Office Costs not charged elsewhere | | | 332 | 332 |
| Faith in Later Life/Futures Fund Costs | | | 73 | 73 |
| Total Expenses | 9,659 | 1,682 | 644 | 11,985 |
| EBITDA (Earnings Before Interest, Depreciation and Amortisation) | 271 | 429 | 189 | 889 |
| Less Capital Expenditure | 398 | 164 | 38 | 600 |
| EBITDA surplus after Capital Expenditure | -127 | 265 | 151 | 289 |
| Add:- One off Non-Trading Items | | | | |
| Gift from Ormonde Trust | | | 1,000 | 1,000 |
| Revaluation increase on Redbourn Houses (625K) and investments (101K) | | | 726 | 726 |
| Surplus after One Off Non-Trading Items | -127 | 265 | 1,877 | 2,015 |

This £2,015K surplus represents the increase in liquid assets available to the Society.

It is greater than the surplus shown on the SOFA because the amount of Capital Expenditure £600K is less than the depreciation charge of £954K included in the SOFA.

THE PILGRIMS FRIEND GROUP

Trustees' report (continued) For the year ended 31 March 2019

The results are split between "Care Operations"; "Housing and Related Services"; and "Other Work".

"Care Operations" refer to the caring work that goes on in our residential homes.

"Housing and Related Services" refers to the financial performance of the housing accommodation and associated services that we provide through our bespoke housing provision at Mirfield, Leicester, Walton on the Naze, Redbourn and Bedford and the housing provision co-located with our homes at Great Finborough, Tunbridge Wells, Chippenham and Brighton.

The "Other Work" column includes encouraging caring in the community; communications, finding and looking after supporters and donors; and the governance and other charity costs that are not part of our caring or housing operations.

The Cashflow Summary Review table starts with the total amount of income we would expect to receive if every care room had been filled with someone paying the appropriate basic full fee for that care room. To arrive at the amount received we deduct:

- the amount of income foregone due to rooms being unoccupied,
- the local authority shortfall being the difference between our full fee rate and the total amount received from rooms occupied by someone who is local authority funded.

Income foregone due to rooms being unoccupied

It is very difficult to keep care homes completely full, as it is not always possible to admit new residents at exactly the time when a room becomes vacant. That difficulty is exacerbated when we lose several residents in a short time. Industry averages suggest most care homes are not full but instead operate at about 90% of capacity. This is reflected in our budgeting. This year's results were very close to budget for most homes. Most of our homes achieved over 90% occupancy over the year, but the average was reduced by persistent and significant low occupancy at our Brighton and Chippenham homes.

Local Authority Shortfall

Our 2018/19 results were again 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. The table below shows the costs of this shortfall between what the local authorities pay and the basic full fee rate we need to sustain investment in our charitable work.

| Year | Local Authority Shortfall |
|---------|---------------------------|
| 2013/14 | 835,056 |
| 2014/15 | 757,807 |
| 2015/16 | 631,285 |
| 2016/17 | 793,934 |
| 2017/18 | 1,145,295 |
| 2018/19 | 1,481,449 |

This shortfall has a very significant effect on the accounts of the charity. The relentless and ongoing increase in this number since 2015/16 is fuelled by councils failing to increase the amounts that they are paying for care in the light of the mandated increases in the living wage and increased pension contributions. This year the increase in the deficit increased by 336K, a very real challenge for the charity.

All care operators are grappling with this issue which is a symptom of recent failures to adequately fund adult social care. 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.

THE PILGRIMS FRIEND GROUP

Trustees' report (continued)
For the year ended 31 March 2019

Care Operations

The EBITDA surplus from care operations of £271K is £220K better than last year, but this was insufficient to meet our capital expenditure costs because of unoccupied rooms and the local authority shortfall.

Low occupancy was concentrated at Brighton, Chippenham and Luff care homes and the overall cash loss across these three homes was £344K. The trustees have monitored the ongoing position at these three homes carefully over the year. Luff House showed a considerable turnaround in the final four months of the year filling several empty rooms and running at a surplus. The other two homes will be addressed by our Renewal Programme.

Housing and Related Services

The surplus after capital expenditure is £265k. This is an important source of stable income for the charity. This is, however, a very modest surplus given the significant capital expenditure on developing the two housing schemes at Mirfield (Royd Court) and Leicester (Pilgrim Gardens).

Other work

Legacies and donations income when taken together was ahead of budget with legacy income exceeding budget while donated income was below budget. Where the income is intended for use at specific homes and housing schemes this has been included in the Care Operations column.

Income for Other Work covered all the other costs of the charity. These include the costs of "Faith in Later Life" (referred to under Goal 2 on page 3); and the modest costs charged to the "Futures Fund" which is a reserve established by the trustees to set aside funds to support the development of new homes.

Redbourn Property Transaction

Another issue which impacts the results of these accounts is an internal transaction involving the former Redbourn Missionary Trust properties in Hertfordshire. These were purchased by the Pilgrim Homes Restricted Fund within PFS at their current value of £3.9 million. Since the Redbourn houses are occupied by missionaries they have been recognised in these accounts as investment properties. This transfer is noted in note 9 to these accounts. The Redbourn flats continue to be recorded as fixed assets as these are retirement properties let to beneficiaries of the charity. The funds held in the Watford Almshouse Funds (both Restricted and Designated) were used to purchase the flats.

STATUTORY INFORMATION

Our objects and how we seek to fulfil them

The objects of The Pilgrims Friend Group are: "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". It achieves these objects by understanding the needs and opportunities of serving older people and co-ordinates the work of other charities in the group to maximum charitable effect. As such, The Pilgrims Friend Group is a non-trading charitable company. The two operational and asset holding charities co-ordinated in this way are Pilgrims' Friend Society and Pilgrim Homes.

In addition to this co-ordination role, it was agreed with the Charity Commission that Pilgrim Friends Group would take on responsibility for fundraising and co-ordinating the work of volunteers, for the two operational charities to allow their focus to be on the delivery of excellent care and proper management of the property assets owned by the group. The charity intends to press forward with the extra roles during the 2019/20 financial year.

THE PILGRIMS FRIEND GROUP

Trustees' report (continued) For the year ended 31 March 2019

Pilgrims' Friend Society

Pilgrims' Friend Society has as its objectives "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".

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

Pilgrims' Friend Society operates the Pilgrim Homes Restricted Fund, which delivers care and support to Protestant Christians in accordance with the trust deeds of Pilgrim Homes.

Pilgrim Homes

The objects of Pilgrim Homes, which was founded in 1807, are: "the relief either individually or collectively of poverty, sickness, disablement, old age and infirmity among elderly persons of the Protestant Christian Faith, who are in agreement with the Society's Doctrinal Statement and can give scriptural testimony as shall in the judgement of the Trustees show them to be of the 'Household of Faith'".

Pilgrim Homes fulfils these objectives through the ownership of care homes and housing schemes which are operated on its behalf by Pilgrims' Friend Society.

The Anna Victoria Nursing Home, formerly part of the group of charities, was wound up during the year and the cash on deposit was transferred to Pilgrims' Friend Society following its merger with that charity.

Further details of our vision can be found within the Annual Review section of this report.

Provision of Accommodation and Care

The principal way in which the two major operating charities, Pilgrim Homes and Pilgrims' Friend Society, seek to carry out their objects is 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. Care can also be provided for adults below the age of 65 who are suffering from a disease, illness or medical condition normally associated with old age. The homes operated by the different charities have different admission processes that allow them to focus on their different target beneficiary groups. Pilgrim Homes and Pilgrims' Friend Society also provide housing, support and other services to those over the age of 60 who wish to maintain an independent lifestyle but need assistance as a result of their age, poverty, sickness or disablement.

Both Pilgrims' Friend Society and Pilgrim Homes promote the Christian faith by ensuring that beneficiaries have every opportunity to pursue their Christian lives. Regular devotions are led by residents, visitors and ministers from a range of Protestant denominations.

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.

Public Benefit

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

THE PILGRIMS FRIEND GROUP

Trustees' report (continued) For the year ended 31 March 2019

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. This included a specific consultation with staff at all homes to consider how to improve remuneration structures to deal with specific 'pinch points' at each home. 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 colleague's 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 auxiliaries 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 237.

Future developments

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

Post year end acquisition

After the year end, on 3 June 2019, Pilgrim Friends Group acquired a new subsidiary entity – Strathclyde House Trust Limited, a charitable company incorporated in Scotland which operates a 58-unit housing scheme in Scotland. This scheme was acquired by way of a gift from the previous trustees. The 2019/20 accounts will include the gift of this scheme and incorporate the results of trading from 3 June.

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)
3. Pilgrim Homes 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.

THE PILGRIMS FRIEND GROUP

Trustees' report (continued)
For the year ended 31 March 2019

Investment policy

These accounts include £6.5 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 our care homes and such properties are, where possible, let to staff members. As such these properties are difficult to dispose of.

The value of investment properties has increased this year following the transfer of the former Redbourn Missionary Houses to this category.

The cost of the works required at Chippenham are likely to absorb all the charity's cash reserves and may necessitate the disposal of some or all these investments (both the investment property and the freehold properties not co-located with our care homes or housing schemes.) For this reason, the trustees 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.

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 Pilgrims Friend Group 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 twice 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 and The Pilgrims Friend Group has not subscribed to any fund-raising 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 affecting the Charity are the failure of the state to fund care adequately, which results in residents supported by local authorities often contributing less towards their care than its cost and therefore makes it difficult particularly to remunerate staff and keep buildings in good repair. The next three risks in order of severity are: the increasing difficulty of filling care rooms at some of the charities older homes, the loss of finance resulting from this difficulty, and issues caused by the minimum wage which, coupled with difficulties relating to employment of EU citizens as a result of the uncertainty caused by Brexit, make it difficult to keep all homes fully staffed without resorting to expensive Agency cover.

THE PILGRIMS FRIEND GROUP

Trustees' report (continued)

For the year ended 31 March 2019

Reserves

In addition to the various restricted and designated funds, the group holds general reserves sufficient to ensure that, in the event of a downturn in its primary purpose trading activities, the charities would be able to cover 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 to cover short term cash-flow requirements, capital commitments, and three months of operating costs. On completion of the restructuring the charity intends to review and update this policy. The total balance held in unrestricted funds at the period end amounted to £6,705K as can be seen from the Consolidated Statement of Financial Activities on page 16 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 where appropriate members of the Senior Management Team to introduce the affairs of the charity, key operational methods and the current strategic plan. Trustee performance is subject to an annual review by the Chairman.

Disclosure of information to auditors

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations and have had regard to the Charity Commission's guidance on public benefit.

Company law requires the trustees, who are the directors for the purposes of company law, to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its incoming resources and application of resources, including the net income or expenditure, of the company for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- 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;
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the company will be able to continue in operation.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company 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 2019

AUDITORS

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

The above report is prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Approved by the trustees and signed on their behalf by



Mr A Copeman (Chairman)
Date: 24 September 2019

THE PILGRIMS FRIEND GROUP

Independent auditors' report to the trustees of The Pilgrims Friend Group For the year ended 31 March 2019

OPINION

We have audited the financial statements of The Pilgrims Friend Group for the year ended 31 March 2019 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 charitable company's affairs as at 31 March 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the 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 2019

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 2019

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.



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: 27 September 2019

THE PILGRIMS FRIEND GROUP

Consolidated statement of financial activities (incorporating the income and expenditure account) For the year ended 31 March 2019

| | Note | 2019 | | | 2018 | | |
|------------------------------------|------|------------------------------------|----------------------------------|----------------------|------------------------------------|----------------------------------|----------------------|
| | | 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 | 188 | 1,527 | 1,715 | 363 | 367 | 730 |
| Investments | 3 | 26 | 163 | 189 | 1 | 113 | 114 |
| Charitable activities | 4 | 3,176 | 8,784 | 11,960 | 2,880 | 7,791 | 10,671 |
| Other trading activities | | <u>10</u> | <u>-</u> | <u>10</u> | <u>11</u> | <u>-</u> | <u>11</u> |
| Total income | | <u>3,400</u> | <u>10,474</u> | <u>13,874</u> | <u>3,255</u> | <u>8,271</u> | <u>11,526</u> |
| Expenditure on: | | | | | | | |
| Raising funds | 5 | 21 | 8 | 29 | 9 | 22 | 31 |
| Charitable activities | 6 | <u>3,876</u> | <u>9,071</u> | <u>12,947</u> | <u>3,436</u> | <u>8,336</u> | <u>11,772</u> |
| Total expenditure | | <u>3,897</u> | <u>9,079</u> | <u>12,976</u> | <u>3,445</u> | <u>8,358</u> | <u>11,803</u> |
| Net gains on investments | | <u>-</u> | <u>726</u> | <u>726</u> | <u>-</u> | <u>54</u> | <u>54</u> |
| Net (expenditure)/income | | (497) | 2,121 | 1,624 | (190) | (33) | (223) |
| Transfers between funds | | <u>944</u> | (944) | <u>-</u> | <u>3</u> | (3) | <u>-</u> |
| Net movement in funds | | 447 | 1,177 | 1,624 | (187) | (36) | (223) |
| Reconciliation of funds | | | | | | | |
| Total funds brought forward | | <u>6,705</u> | <u>28,067</u> | <u>34,772</u> | <u>6,892</u> | <u>28,103</u> | <u>34,995</u> |
| Total funds carried 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> |

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

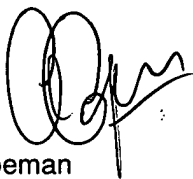
The notes on pages 22 to 38 form part of these financial statements.

THE PILGRIMS FRIEND GROUP

Consolidated balance sheet As at 31 March 2019

| | Note | 2019 | | 2018 | |
|---|--------|--------------|---------------|--------------|---------------|
| | | £000 | £000 | £000 | £000 |
| Fixed assets | | | | | |
| Tangible assets | 8 | | 23,323 | | 25,207 |
| Investments | 9 | | <u>6,171</u> | | <u>3,734</u> |
| | | | 29,494 | | 28,941 |
| Current assets | | | | | |
| Stock | 10 | 794 | | 1,037 | |
| Debtors and prepayments | 11 | 934 | | 761 | |
| Cash equivalents on deposit | | 800 | | - | |
| Cash at bank and in hand | | <u>5,287</u> | | <u>5,070</u> | |
| | | | 7,815 | | 6,868 |
| Creditors: Amounts falling due within one year | 12 | (913) | | (1,037) | |
| Net current assets | | | <u>6,902</u> | | <u>5,831</u> |
| Total assets less current liabilities | | | <u>36,396</u> | | <u>34,772</u> |
| Funds: | | | | | |
| Unrestricted funds | 13, 14 | | 7,152 | | 6,705 |
| Restricted funds | 15 | | <u>29,244</u> | | <u>28,067</u> |
| Total Funds | | | <u>36,396</u> | | <u>34,772</u> |

The financial statements were approved by the Trustees on 24 September 2019 and signed on its behalf by:



A R Copeman
Chairman



A J Hare
Treasurer



S Hammersley
Chief Executive

Company Registration No: 07169875

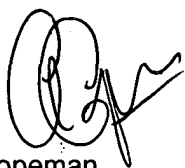
The notes on pages 22 to 38 form part of these financial statements.

THE PILGRIMS FRIEND GROUP

Company balance sheet As at 31 March 2019

| | 2019 | | 2018 | |
|---|------|------|------|------|
| | £000 | £000 | £000 | £000 |
| Fixed assets | | | | |
| Tangible assets | | - | | - |
| Investments | | - | | - |
| | | - | | - |
| Current assets | | | | |
| Stock | - | | - | |
| Debtors and prepayments | - | | - | |
| Cash at bank and in hand | - | | - | |
| | - | | - | |
| Creditors: Amounts falling due within one year | - | | - | |
| | - | | - | |
| Net current assets | | - | | - |
| Total assets less current liabilities | | - | | - |
| Funds: | | | | |
| Unrestricted funds | | - | | - |
| Restricted funds | 15 | - | | - |
| Total Funds | | - | | - |

The financial statements were approved by the Trustees on 24 September 2019 and signed on its behalf by:



A R Copeman
Chairman



A J Hare
Treasurer



S Hammersley
Chief Executive

Company Registration No: 07169875

The notes on pages 22 to 38 form part of these financial statements.

THE PILGRIMS FRIEND GROUP

Consolidated statement of cash flows For the year ended 31 March 2019

| | 2019 £000 | 2018 £000 |
|--|----------------------|-----------------------|
| Cash flows from operating activities | | |
| <i>Trading and donations</i> | | |
| Net income | 1,624 | (223) |
| Depreciation | 954 | 986 |
| Interest and dividends included in investing activities | (189) | (114) |
| Loss on disposal of fixed assets | 8 | 12 |
| Unrealised gain on transfer of property to investments | (625) | - |
| Realised losses on disposal of investments | 23 | 7 |
| Movement in fair value of investments | <u>(124)</u> | <u>(61)</u> |
| <i>Net cash provided by trading and donations</i> | <u>1,671</u> | <u>607</u> |
| <i>Working capital movements</i> | | |
| Decrease in housing stocks at Royd Court and Pilgrim Gardens | 243 | 161 |
| (Increase) in debtors | (173) | (150) |
| (Decrease)/increase in creditors | <u>(124)</u> | <u>149</u> |
| <i>Net cash (used in)/provided by working capital movements</i> | <u>(54)</u> | <u>160</u> |
| Net cash provided by operating activities | <u>1,617</u> | <u>767</u> |
| Cash flows from investing activities | | |
| <i>Tangible fixed assets</i> | | |
| Payments on additions of tangible fixed assets | (892) | (2,079) |
| Proceeds on disposal of tangible fixed assets | <u>139</u> | <u>826</u> |
| <i>Net cash (used in) tangible fixed assets</i> | <u>(753)</u> | <u>(1,253)</u> |
| <i>Fixed asset investments</i> | | |
| Interest and dividends received | 189 | 114 |
| Payments on additions of fixed asset investments | (966) | (292) |
| Proceeds on disposal of fixed asset investments | <u>930</u> | <u>256</u> |
| <i>Net cash provided by fixed asset investments</i> | <u>153</u> | <u>78</u> |
| Net cash (used in) investing activities | <u>(600)</u> | <u>(1,175)</u> |
| Net cash inflow/(outflow) | 1,017 | (408) |
| Cash and cash equivalents at 1 April 2018 | <u>5,070</u> | <u>5,478</u> |
| Cash and cash equivalents at 31 March 2019 | <u>6,087</u> | <u>5,070</u> |

The notes on pages 22 to 38 form part of these financial statements.

THE PILGRIMS FRIEND GROUP

Notes to the financial statements For the year ended 31 March 2019

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. Merger accounting

The Pilgrims Friend Group became the sole member of Pilgrims Friend Society, a charity registered in England and Wales (charity number 1045920), on 5 February 2019. This means The Pilgrims Friend Group now has control of the group's trade, assets and liabilities. Merger accounting has been used as this arrangement meets the following criteria under FRS 102:

- No party to the combination is portrayed as either acquirer or acquiree, either by its governing body or management or by that of another party to the combination.
- All parties to the combination, as represented by the members of the governing body, participate in establishing the management structure of the combined charity and in selecting the management personnel. Such decisions are made on the basis of a consensus between the parties to the combination, rather than purely by exercising voting rights.
- There is no significant change to the class of beneficiaries of the combining entities or the purpose of the benefits provided as a result of the combination.

Merger accounting involves aggregating the assets, liabilities and funds of the combining charities and presenting them as though they had always been part of the same reporting charity. Although the merger may have taken place part way through a reporting period, the accounts must be drawn up to include the results of the combining charities for the whole of the reporting period in which the merger occurred.

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued) For the year ended 31 March 2019

1. ACCOUNTING POLICIES (continued)

1c. 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 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.

1d. 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.

1e. 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 |

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued) For the year ended 31 March 2019

1. ACCOUNTING POLICIES (continued)

1f. 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.

1g. Income

Rental and ancillary income is recognised on the basis of when 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.

1h. 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.

1i. Governance costs

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

1j. 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 17 to the financial statements.

1k. 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.

1l. 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.

1m. Stocks

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

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued) For the year ended 31 March 2019

1. ACCOUNTING POLICIES (continued)

1n. Debtors

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

1o. 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.

1p. 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.

1q. 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 2019 £000 | Total 2018 £000 |
|-----------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Donations | 113 | 204 | 317 | 303 |
| Legacies | <u>75</u> | <u>1,323</u> | <u>1,398</u> | <u>427</u> |
| | <u>188</u> | <u>1,527</u> | <u>1,715</u> | <u>730</u> |

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued)
For the year ended 31 March 2019

3. INCOME FROM INVESTMENTS

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2019 £000 | Total 2018 £000 |
|---------------------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Bank interest | 7 | 21 | 28 | 23 |
| Rental of investment properties | 19 | 92 | 111 | 46 |
| Dividends | - | 50 | 50 | 45 |
| | <u>26</u> | <u>163</u> | <u>189</u> | <u>114</u> |

4. INCOME FROM CHARITABLE ACTIVITIES

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2019 £000 | Total 2018 £000 |
|--------------------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Care fees | 3,043 | 6,806 | 9,849 | 8,564 |
| Housing income | 133 | 1,175 | 1,308 | 1,419 |
| Extra Care Housing lease sales | - | 803 | 803 | 688 |
| | <u>3,176</u> | <u>8,784</u> | <u>11,960</u> | <u>10,671</u> |

5. EXPENDITURE ON RAISING FUNDS

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2019 £000 | Total 2018 £000 |
|--------------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Publicity and deputation | 21 | 8 | 29 | 31 |

6. EXPENDITURE ON CHARITABLE ACTIVITIES

| <i>Activities split by fund:</i> | Unrestricted Funds £000 | Restricted Funds £000 | Total 2019 £000 | Total 2018 £000 |
|-----------------------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Housing | 94 | 795 | 889 | 924 |
| Care | 3,126 | 6,533 | 9,659 | 8,594 |
| Cost of extra care leases sold | - | 793 | 793 | 688 |
| Education and training | 140 | 24 | 164 | 118 |
| Raising awareness | 67 | 8 | 75 | 67 |
| General support costs | 146 | 259 | 405 | 382 |
| | <u>3,573</u> | <u>8,412</u> | <u>11,985</u> | <u>10,773</u> |
| Depreciation and loss on disposal | 303 | 659 | 962 | 999 |
| | <u>3,876</u> | <u>9,071</u> | <u>12,947</u> | <u>11,772</u> |

THE PILGRIMS FRIEND GROUP

Notes to the financial statements For the year ended 31 March 2019

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 2019 £000 | Total 2018 £000 |
|--------------------------------|-----------------|---------------|------------------------------|---------------------------------|------------------------------|----------------------------|-----------------------|-----------------------|
| Salaries and wages | 315 | 6,607 | - | 64 | 23 | 1,054 | 8,063 | 7,189 |
| Food | 104 | 466 | - | - | - | - | 570 | 540 |
| Administrative expenses | 45 | 233 | - | 20 | 1 | 438 | 737 | 687 |
| Repairs and maintenance | 149 | 663 | - | - | - | - | 812 | 716 |
| Heat and light | 63 | 250 | - | - | - | - | 313 | 276 |
| Other expenses | 70 | 375 | - | 80 | 51 | - | 576 | 563 |
| Cost of extra care leases sold | - | - | 793 | - | - | - | 793 | 688 |
| Professional fees | - | 14 | - | - | - | 111 | 125 | 121 |
| Governance costs: audit fees | - | 5 | - | - | - | 18 | 23 | 22 |
| Allocated administrative costs | <u>143</u> | <u>1,046</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,216)</u> | <u>(27)</u> | <u>(29)</u> |
| | 889 | 9,659 | 793 | 164 | 75 | 405 | 11,985 | 10,773 |
| Buildings depreciation | 205 | 492 | - | - | - | - | 697 | 726 |
| General depreciation | 35 | 170 | - | - | - | 52 | 257 | 261 |
| (Gain)/loss on disposal | <u>(8)</u> | <u>25</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(9)</u> | <u>8</u> | <u>12</u> |
| | <u>1,121</u> | <u>10,346</u> | <u>793</u> | <u>164</u> | <u>75</u> | <u>448</u> | <u>12,947</u> | <u>11,772</u> |

During the year the auditors were paid £7,000 for accountancy services (2018: £9,000).

Support costs (less allocated administrative costs):

| | | |
|-------------------------------------|--------------|--------------|
| Staff costs | 1,054 | 1,012 |
| Depreciation and losses on disposal | 52 | 31 |
| (Gain)/loss on disposal | (9) | 19 |
| Professional fees | 102 | 100 |
| Other administrative expenses | <u>434</u> | <u>396</u> |
| | <u>1,633</u> | <u>1,558</u> |

THE PILGRIMS FRIEND GROUP

Notes to the financial statements For the year ended 31 March 2019

7. STAFF COSTS

| | 2019 £000 | 2018 £000 |
|-----------------------|---------------------|---------------------|
| Wages and salaries | 6,886 | 6,081 |
| Redundancy costs | 57 | - |
| Social security costs | 437 | 379 |
| Pension costs | 187 | 131 |
| Agency staff costs | <u>496</u> | <u>598</u> |
| | <u>8,063</u> | <u>7,189</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 | 297 | 307 |
| Head Office | <u>25</u> | <u>25</u> |
| | <u>322</u> | <u>332</u> |

The emoluments of two employees exceeded £60,000 in the year ended 31 March 2019 (2018: two). One of those employees earned between £60,000 and £70,000 and the other earned between £80,000 and £90,000 (2018: 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 (2018: £nil). Travel expenses of £2,702 (2018: £3,158) were reimbursed to 6 trustees (2018: 5 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 £386,605 (2018: £381,212).

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued)
For the year ended 31 March 2019

8. 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 2018 | 27,221 | 1,308 | 1,581 | 75 | 30,185 |
| Additions | 367 | 313 | 212 | - | 892 |
| Transfers to investment properties | (1,704) | - | - | - | (1,704) |
| Transfers | 1,486 | (1,486) | - | - | - |
| Disposals | (129) | - | (56) | - | (185) |
| As at 31 March 2019 | <u>27,241</u> | <u>135</u> | <u>1,737</u> | <u>75</u> | <u>29,188</u> |
| Depreciation | | | | | |
| As at 1 April 2018 | 4,363 | - | 588 | 27 | 4,978 |
| Charge for the year | 697 | - | 238 | 19 | 954 |
| Transfers to investment properties | (29) | - | - | - | (29) |
| Released on disposals | (13) | - | (25) | - | (38) |
| As at 31 March 2019 | <u>5,018</u> | <u>-</u> | <u>801</u> | <u>46</u> | <u>5,865</u> |
| Net book value | | | | | |
| As at 31 March 2019 | <u>22,223</u> | <u>135</u> | <u>936</u> | <u>29</u> | <u>23,323</u> |
| As at 31 March 2018 | <u>22,858</u> | <u>1,308</u> | <u>993</u> | <u>48</u> | <u>25,207</u> |

Pilgrims' Friend Society

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| At cost: | | |
| Redbourn Flats | 1,300 | 1,300 |
| Redbourn Houses (transferred to investment properties) | - | 1,700 |
| Bethany Christian Home, Plymouth | 565 | 565 |
| Ernest Luff Care Home, Walton-on-the-Naze | 1,754 | 1,726 |
| Ernest Luff House, Walton-on-the-Naze | 1,533 | 1,491 |
| Emmaus Care Home, Harrogate | 844 | 844 |
| Permanent landscape, Ernest Luff Care Home | 34 | 34 |
| Florence House, Peterborough | 600 | 595 |
| Adjustments on intra-group transfers of properties | <u>16</u> | (118) |
| | <u>6,646</u> | <u>8,137</u> |

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued) For the year ended 31 March 2019

8. TANGIBLE FIXED ASSETS (continued)

Pilgrim Homes

Assets in the course of construction were in respect of a twelve-room extension to the Great Finborough Home.

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

| | 2019 £000 | 2018 £000 |
|--|---------------|---------------|
| At cost: | | |
| Dorothea Court, Bedford | 4,317 | 4,234 |
| Leonora Home, Chippenham | 327 | 327 |
| Great Finborough Home | 1,670 | 3,737 |
| Great Finborough Housing | 2,245 | - |
| Evington Home, Leicester | 2,019 | 2,136 |
| Shottermill Home, Haslemere | 1,247 | 1,223 |
| Milward Home, Tunbridge Wells | 1,207 | 1,128 |
| Wantage Home | 1,512 | 1,439 |
| Plot 98 Newhaven (at nominal value) | - | - |
| Royd Court, Mirfield | 3,440 | 3,427 |
| Pilgrim Gardens, Evington, Leicester | 2,079 | 2,074 |
| Land at Churston Ferrers | <u>60</u> | <u>60</u> |
| | 20,123 | 19,785 |
| At Committee's revaluation, 31st March 1954 plus cost since: | | |
| Brighton Home | <u>464</u> | <u>464</u> |
| | 20,587 | 20,249 |
| Long leasehold property at cost: | | |
| Crosfield Court, Watford | <u>143</u> | <u>143</u> |
| | <u>20,730</u> | <u>20,392</u> |

9. INVESTMENTS

| | Listed investments £000 | Investment properties £000 | Total £000 |
|---|-------------------------------|----------------------------------|---------------|
| Valuation | | | |
| As at 1 April 2018 | 1,848 | 1,886 | 3,734 |
| Additions | 966 | - | 966 |
| Transfer from Tangible Fixed Assets at cost | - | 1,675 | 1,675 |
| Unrealised gain on revaluation of transferred asset | - | 625 | 625 |
| Disposals | (953) | - | (953) |
| Revaluation | <u>117</u> | <u>7</u> | <u>124</u> |
| As at 31 March 2019 | <u>1,978</u> | <u>4,193</u> | <u>6,171</u> |
| Held by | | | |
| Restricted funds | <u>1,978</u> | <u>4,193</u> | <u>6,171</u> |
| Historic cost | | | |
| As at 31 March 2019 | <u>1,615</u> | <u>2,994</u> | <u>4,609</u> |

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued) For the year ended 31 March 2019

9. INVESTMENTS (continued)

Investment properties comprise the following:

| | 2019 £000 | 2018 £000 |
|---|---------------------|---------------------|
| At market value: | | |
| Redbourn House (transferred from tangible fixed assets) | 2,588 | - |
| *House on Pilgrims' Way, Great Finborough | 222 | 219 |
| *60 Royd Court, Mirfield | 179 | 175 |
| *90a Wood Lane, Chippenham | 350 | 348 |
| *90 Wood Lane, Chippenham | 352 | 350 |
| *92 Wood Lane, Chippenham | 466 | 463 |
| *House on Liphook Road, Haslemere | <u>324</u> | <u>331</u> |
| | <u>4,481</u> | <u>1,886</u> |

*These investment properties were revalued as at 31 March 2019 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 2019.

10. STOCK

| | 2019 £000 | 2018 £000 |
|--|-------------------|---------------------|
| Stock of leasehold flats held for resale (see below) | 777 | 1,021 |
| Stock of books | <u>17</u> | <u>16</u> |
| | <u>794</u> | <u>1,037</u> |

Contingent liabilities on housing stock

Under the terms of the sale of leases at Royd Court, the Society 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, the Society is committed to repurchase leases should leaseholders cease to be residents. The total potential value of these is £1.7 million.

| | Royd Court | | Pilgrim Gardens | | Total £000 |
|--------------------|--------------|--------------|-----------------|--------------|---------------|
| | Number No | Cost £000 | Number No | Cost £000 | |
| As at 1 April 2018 | 8 | 877 | 1 | 144 | 1,021 |
| Sold | (5) | (510) | - | - | (510) |
| Bought back | 1 | <u>114</u> | 1 | <u>152</u> | <u>266</u> |
| | <u>4</u> | <u>481</u> | <u>2</u> | <u>296</u> | <u>777</u> |

11. DEBTORS AND PREPAYMENTS

| | 2019 £000 | 2018 £000 |
|--|-------------------|-------------------|
| Arrears of local authority and residents' contribution | 251 | 247 |
| Other debtors and prepayments | <u>683</u> | <u>514</u> |
| | <u>934</u> | <u>761</u> |

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued)
For the year ended 31 March 2019

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

| | 2019 £000 | 2018 £000 |
|-------------------------------------|--------------|--------------|
| Residents' contributions in advance | 2 | - |
| Trade creditors | 286 | 500 |
| Taxation and social security | 93 | 85 |
| Other creditors and accruals | <u>532</u> | <u>452</u> |
| | <u>913</u> | <u>1,037</u> |

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| 2019 | General Funds £000 | Designated Funds £000 | Restricted Funds £000 | Total Funds £000 |
|----------------------------|--------------------------|-----------------------------|-----------------------------|------------------------|
| 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> |

2018

| | | | | |
|----------------------------|--------------|------------|---------------|---------------|
| Fixed assets | | | | |
| Tangible | 8,202 | 263 | 16,742 | 25,207 |
| Investments | - | - | 3,734 | 3,734 |
| Current assets | (723) | - | 7,591 | 6,868 |
| Current liabilities | (1,037) | - | - | (1,037) |
| Total Net Assets | <u>6,442</u> | <u>263</u> | <u>28,067</u> | <u>34,772</u> |

14. DESIGNATED FUNDS

| 2019 | Brought forward at 1 April 2019 £000 | Income £000 | Expenditure £000 | Revaluations and transfers £000 | Carried forward at 31 March 2019 £000 |
|---------------------------|---|----------------|---------------------|---------------------------------------|--|
| Futures Fund (Designated) | <u>263</u> | <u>18</u> | <u>(33)</u> | - | <u>248</u> |

2018

| | | | | | |
|---------------------------|---|---|---|-----|-----|
| Futures Fund (Designated) | - | - | - | 263 | 263 |
|---------------------------|---|---|---|-----|-----|

THE PILGRIMS FRIEND GROUP

Notes to the financial statements For the year ended 31 March 2019

15. a) RESTRICTED FUNDS – PILGRIM HOMES

| 2019 | Brought forward at 1 April 2018 £000 | Income £000 | Expenditure £000 | Revaluations and transfers £000 | Carried forward at 31 March 2019 £000 |
|--|---|----------------|---------------------|---------------------------------------|--|
| Funds restricted by Pilgrim Homes articles: | | | | | |
| <i>General unrestricted funds</i> | | | | | |
| Pilgrim Homes Fund | <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 (see note 15c) | 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 – Pilgrim Homes | <u>27,980</u> | <u>10,433</u> | <u>(8,994)</u> | <u>(184)</u> | <u>29,235</u> |
| 15. b) RESTRICTED FUNDS – GENERAL | | | | | |
| NYCC Grant | 1 | - | - | - | 1 |
| Faith in Later Life | 14 | 20 | (40) | 11 | 5 |
| Homes Voluntary Support Funds (see note 15c) | 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 restricted funds - general | <u>87</u> | <u>41</u> | <u>(63)</u> | <u>(34)</u> | <u>31</u> |

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued)
For the year ended 31 March 2019

15. c) RESTRICTED FUNDS – HOMES VOLUNTARY SUPPORT FUNDS

| 2019 | Brought forward at 1 April 2018 £000 | Income £000 | Expenditure £000 | Revaluations and transfers £000 | Carried forward at 31 March 2019 £000 |
|---|---|------------------|---------------------|---------------------------------------|--|
| 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> | <u>(1)</u> | <u>(5)</u> | <u>-</u> |
| <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> | <u>-</u> | <u>(1)</u> | <u>-</u> |
| Total Homes Voluntary Support Funds | <u>171</u> | <u>79</u> | <u>(3)</u> | <u>(176)</u> | <u>71</u> |

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued)
For the year ended 31 March 2019

15. a) RESTRICTED FUNDS – PILGRIM HOMES

| 2018 | Brought forward at 1 April 2017 £000 | Income £000 | Expenditure £000 | Revaluations and transfers £000 | Carried forward at 31 March 2018 £000 |
|--|---|------------------------|-----------------------------|--|--|
| Funds restricted by Pilgrim Homes articles: | | | | | |
| <i>General unrestricted funds</i> | | | | | |
| Pilgrim Homes Unrestricted Funds | <u>8,828</u> | <u>8,097</u> | <u>(8,267)</u> | <u>(2,286)</u> | <u>6,372</u> |
| <i>Designated Funds</i> | | | | | |
| Operational Assets Equity Fund | 13,900 | - | - | 2,253 | 16,153 |
| Operational Risk Reserve | 1,030 | - | - | - | 1,030 |
| Property Emergency Repair Fund | - | - | - | 50 | 50 |
| Futures Fund | 549 | 32 | (50) | 121 | 652 |
| Watford Almshouse Designated Fund | <u>723</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>723</u> |
| <i>Total designated funds restricted by Pilgrim Homes articles</i> | <u>16,202</u> | <u>32</u> | <u>(50)</u> | <u>2,424</u> | <u>18,608</u> |
| <i>Pilgrim Homes Restricted Funds</i> | | | | | |
| St Albans Home | 433 | 2 | - | - | 435 |
| Lucy McNeil Home | 1,822 | 7 | - | - | 1,829 |
| Homes Voluntary Support Funds | 156 | 64 | - | (71) | 149 |
| Watford | <u>581</u> | <u>11</u> | <u>(4)</u> | <u>(1)</u> | <u>587</u> |
| <i>Total restricted funds restricted by Pilgrim Homes articles</i> | <u>2,992</u> | <u>84</u> | <u>(4)</u> | <u>(72)</u> | <u>3,000</u> |
| Total restricted funds | <u>28,022</u> | <u>8,213</u> | <u>(8,321)</u> | <u>138</u> | <u>27,980</u> |
| 15. b) RESTRICTED FUNDS – GENERAL (continued) | | | | | |
| NYCC Grant | 1 | - | - | - | 1 |
| Faith in Later Life | 50 | - | (36) | - | 14 |
| Homes Voluntary Support Funds | 22 | 3 | - | (3) | 22 |
| Local Homes Project Funds | 8 | 43 | - | (12) | 39 |
| Lonely No Longer Fund | - | 11 | - | - | 11 |
| Dementia Fund | <u>-</u> | <u>1</u> | <u>(1)</u> | <u>-</u> | <u>-</u> |
| Total other restricted funds | <u>81</u> | <u>58</u> | <u>(37)</u> | <u>(15)</u> | <u>87</u> |

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued)
For the year ended 31 March 2019

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

| | Brought forward at 1 April 2017 £000 | Income £000 | Expenditure £000 | Revaluations and transfers £000 | Carried forward at 31 March 2018 £000 |
|---|---|----------------|---------------------|---------------------------------------|--|
| 2018: Homes Voluntary Support Funds | | | | | |
| <i>Funds restricted by Pilgrim Homes articles:</i> | | | | | |
| Brighton | - | 2 | - | (1) | 1 |
| Chippenham | 24 | 3 | - | (27) | - |
| Great Finborough | 110 | 29 | - | (18) | 121 |
| Evington | 14 | 5 | - | (14) | 5 |
| Tunbridge Wells | 1 | 11 | - | (11) | 1 |
| Wantage | - | 7 | - | - | 7 |
| Shottermill | 3 | 6 | - | - | 9 |
| Bedford | <u>4</u> | <u>1</u> | - | - | <u>5</u> |
| <i>Total funds restricted by Pilgrim Homes articles</i> | 156 | 64 | - | (71) | 149 |
| Other restricted funds | | | | | |
| Ernest Luff Care | 1 | 1 | - | (2) | - |
| Bethany Christian Home | 2 | - | - | - | 2 |
| Emmaus House | 19 | 1 | - | - | 20 |
| Florence House | <u>-</u> | <u>1</u> | - | (1) | - |
| Total Homes Voluntary Support Funds | <u>178</u> | <u>67</u> | <u>=</u> | <u>(74)</u> | <u>171</u> |

THE PILGRIMS FRIEND GROUP

Notes to the financial statements For the year ended 31 March 2019

15. RESTRICTED FUNDS (continued)

Pilgrim Homes Fund

This heading includes both the reserves of Pilgrim Homes and the Pilgrim Homes Restricted Fund within Pilgrims' Friend Society

Operational Assets Equity Fund

Established to reflect the value of fixed asset properties owned by Pilgrim Homes 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 trustees of the Ormonde Trust agreed to donate £1,000,000 to Pilgrim Homes of which £800,000 was received in the year. The trustees agreed to designate this to the Futures Fund.

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.

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.

THE PILGRIMS FRIEND GROUP

Notes to the financial statements (continued) For the year ended 31 March 2019

15. RESTRICTED FUNDS (continued)

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.

16. LEASING COMMITMENTS

Operating leases

The charitable company's total future minimum lease payments under operating leases at 31 March 2019 were payable as set out below:

| | 2019 £000 | 2018 £000 |
|--------------------------|--------------|--------------|
| Within one year | 104 | 106 |
| Within two to five years | <u>183</u> | <u>288</u> |
| | <u>287</u> | <u>394</u> |

The operating lease charges for the year were:

| | 2019 £000 | 2018 £000 |
|-----------------------------|--------------|--------------|
| Land and buildings | 72 | 75 |
| Hire of plant and machinery | <u>111</u> | <u>102</u> |
| | <u>183</u> | <u>177</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 to vacate the premises.

17. PENSION COMMITMENTS

The pension cost charge represents contributions payable by the group to the pension funds. There were contributions of £29,000 due to the fund at the period end (2018: £26,000).

The Society makes certain ex-gratia pension payments to a small number of former employees. The annual commitment of these payments is approximately £7,000 per annum. The trustees have 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 has been made.

18. RELATED PARTY TRANSACTIONS

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

19. 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.