

PILGRIMS' FRIEND SOCIETY

Financial Statements

For the year ended 31 March 2021

COMPANY NUMBER 3027071

CHARITY NUMBER 1045920

PILGRIMS' FRIEND SOCIETY

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PILGRIMS' FRIEND SOCIETY

Trustees' report – statutory information For the year ended 31 March 2021

DIRECTORS AND TRUSTEES

Alan Copeman (Chairman)
Genefer Espejo
Robin Turnbull

Bryan Jarvis (Vice-Chairman)
Max Robinson (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 3027071
CHARITY NUMBER 1045920

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>Company Secretary (to 31/07/20)</i>
Debbie Buggs	<i>Director of Finance (from 01/06/20) 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>
Alexandra Davis	<i>Director of Marketing</i>

PILGRIMS' FRIEND SOCIETY

Trustees' report

For the year ended 31 March 2021

The trustees present their report, together with the financial statements of the company for the year ended 31 March 2021. The trustees' report incorporates the directors' report and the strategic report prepared for the purposes of company law.

MISSION REVIEW

At the end of the review of 2019/20, we mentioned that the Covid-19 pandemic had just taken hold in the UK with "lockdown" being advised to the nation on 23 March 2020.

It has been an extremely challenging year. It is impossible to describe the year accurately using statistics as until the summer the testing available to all care homes was inadequate and we were only able to identify people as having the virus when they became significantly unwell. Notwithstanding that the numbers undercount the reality of the situation, they illustrate the severity of the challenges we faced. Over half of our staff had to be absent from work at one time or another because of covid related reasons and just over 30% of our residents became ill or were tested positive with the virus. We estimate that 30 of the people living with us died because of covid in outbreaks in five of our homes.

There were many acts of selfless heroism shown by our staff colleagues for which this charity is profoundly grateful. Many others just kept on going when tired and under pressure and coped admirably with the new ways of working that we had to adopt, and the charity acknowledges the debt of gratitude owed to these people too.

The people who live with us were also a powerful witness to the reality of the Christian message that Jesus Christ has triumphed over death, evil and darkness. There were significant challenges and moments of loss and grief, but our homes and schemes have also been places where joy and hope have been evident as anyone looking at our Facebook feeds will have seen. Our managers have testified to the reality of the promises seen in the Bible, notably in Psalm 23, that God is with us as we walk through the Valley of the shadow of death. The object of the Charity is to advance the Christian faith and we have been able to do this throughout this pandemic as we have supported people in the most testing of times and we have been strengthened by the need to support each other and to make prayer more central to our work.

Throughout the pandemic we have been concerned about the mental wellbeing of our residents and their relatives. We have complied with government guidance but wherever possible, and particularly when people were towards the end of life, we did everything we could to facilitate meaningful and safe visits. We surveyed relatives in the summer of 2020, and we were pleased to learn that our efforts were recognised and very much appreciated.

The trustees have been briefed regularly on the risks of the pandemic and have reviewed the lessons learned. Key elements of our response that proved invaluable were:

- appointing a "Covid Lead" early on to co-ordinate our response and to make sure that we were proactive in sourcing Personal Protective Equipment (including importing direct from overseas)
- regular and timely (daily initially) bulletins interpreting what was initially variable and imprecise public health guidance.
- regular (weekly initially) conference calls with managers.
- a daily prayer opportunity over zoom
- two short zoom conferences focusing on the spiritual wellbeing of our managers.
- regular communications to all staff and bespoke thank yous to colleagues who were leading our teams.

Shortly after the year end, nearly all the people living with us had been vaccinated (98%). Around 81% of the workforce had been vaccinated, slightly higher than the 80% advised by SAGE (Scientific Advisory Group for Emergencies) to provide a minimum level of protection against outbreaks of the covid and we have in place a

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Trustees' report (continued)

For the year ended 31 March 2021

programme that makes sure that we know the reasons why people have declined, and we continue to encourage uptake. With very few new infections from March 21 we have moved into what we call our “recovery” phase – the virus is still the dominant theme, but we are also now consciously looking forward and picking up on some of the other work that was deprioritised while we were in crisis response mode.

Although the pandemic response has dominated this year, the charity was able to make some progress towards the goals that we believe will help us achieve our vision of fulfilled living for people in later life. The strategies we followed, and the progress made is as follows:

Strengthening our organisation

The purpose of this strategy was originally to prepare the charity for the growth that will result from our plans to replace our old buildings with new facilities designed to better meet the needs of people who live with. This programme to renew our physical infrastructure over the next decade or so is known as our “Renewal Programme”.

But the pandemic has also highlighted that having a strong organisation is necessary to help us withstand shocks such as covid19.

During the year we have invested in our support teams and in our home and scheme operations, the key features bring:

- We have introduced the new role of Activity and Community Engagement Facilitators to our homes. this has a genuine occupational requirement that the job holder be a Christian and will strengthen the Christian Life of our homes with a richer and fuller spread of activities delivered post pandemic through more volunteers and better links with the community and local churches. We also convened a project within our Operations team and to find and support volunteers better and this is ready to move to implementation once pandemic restrictions ease.
- We have strengthened our central support functions with new people joining our Operations, Marketing and Communications and, towards the end of the year, our HR teams.
- We have invested in our IT infrastructure to reduce risks, improve our capabilities, and to make sure that our precious people are able to work well and effectively. We have a new supporter and volunteer database that will enable better communications and eliminates some of the GDPR risks identified in our previous system; we have mobile point of care in our homes so that care plans can be updated through hand held devices rather than laptops; we are rolling out systems to support staff rostering and medication management; we are upgrading Wi-Fi connectivity in our facilities to maximise availability for people who live and work with us; and we have replaced some old unsupported equipment that posed a cyber security risk.
- Although we have had to defer the next stages of our investment in the leadership skills and competencies of our managers, we have worked with them and all colleagues to identify a set of four core values that we will use to shape the way that we work together. After a process of consultation these were shared with stakeholders towards the end of the year for final feedback before we proceed to embed them in our way of working and use them to shape our culture.
- The Board reviewed its governance processes and updated them so that they are now fully consistent with the Charity Governance Code rather than the previous “Hallmarks of an Effective Charity” guidance.

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Trustees' report (continued)

For the year ended 31 March 2021

- We have sourced additional pastoral and prayer support for our managers and staff and promoted the existing wellbeing services included within our staff benefits package in recognition of the ongoing and cumulative pressures on all staff, but particularly those serving in our homes and schemes.

Delivering High Quality Christian Care and support.

Before the pandemic struck, and after a long period of prayer and planning, the trustees committed the charity to the "Renewal Programme" designed to ensure that all our premises that have a long-term future are invested in so that they enable the delivery of excellent care and support and that our other premises are replaced by new buildings.

The first of our new build properties, Middlefields House in Chippenham, is on track to be delivered in line with our budget and plan to open in August/September 2021. This is quite extraordinary given the challenges of the pandemic period. Our new design and concept of family living in small, homely households joined to make and economically effective larger unit is highly consistent with what is now seen to be best practice to minimise infection risk. The pandemic has increased the urgency associated with the Renewal Programme as having well designed space makes infection control easier.

We were also pleased that during the year we were given 13 flats, known as Carey Gardens, previously managed by the Kirby Muxloe Free Church Housing Association and these will operate as a satellite site to the Pilgrim Gardens housing scheme at nearby Evington.

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Notwithstanding the pandemic we have been able to carry on with many of our planned investments in our other homes including completing the ground floor remodelling and refurbishment of our home in Haslemere; a significant dining room extension at our home in Walton on the Naze; and improvements at our home in Wantage.

In terms of how we look after people, we have continued to extend The Way We Care, our bespoke care model which prioritises seeing the whole person, not just their physical needs, and creates communities in which they can flourish. Training has been significantly challenged by the pandemic by we have refreshed the training at our home in Tunbridge Wells and introduced the concept at our existing home in Chippenham, so we are ready for things to be operational when we start at Middlefields House.

Growing our impact

Our impact has been significant this year. We have seen thirty more deaths than usual and many more of the people living with us ill or worried about becoming ill. Being able to support people through this period has been immensely important and the following "impact factors" have been pivotal:

- The importance of family-like community and the support that people living with us have been to each other, sharing faith and encouragement.
- The value of our staff colleagues particularly when help is most needed – towards the end of life or when we have had to run our homes and schemes with people internally isolated and visiting is limited.

The evidence for our impact is the feedback from families and the feeds on our Facebook pages that are full of people sharing hope and joy in community together.

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Trustees' report (continued)

For the year ended 31 March 2021

It is also important to remember the wider context, for all this year apart from the terrible early months when the NHS was prioritised over care homes and guidance was lagging and changing, care homes facilities (including our homes and schemes) were much safer and experienced fewer excess death than for older people living at home.

We have been prominent in Christian media in the year helping people understand matters to do with faith and care in older age in a pandemic. We have had significant interest in our new Grief and Loss booklet and our relaunched Dementia Information Pack, as well as our Brain and Soul Boosting workbooks and our now quarterly magazine. We launched a new website which made navigating our homes, schemes, and resources much easier, and our social media channels did an excellent job in offering a snapshot of life in our homes and schemes during a time when visiting was severely restricted.

Our support of Faith in Later Life has also been of significant benefit to older people. This charity is taking forward that our vision to see the Christian Faith advanced and older people supported in areas where we have no home on the ground. During the year this became fully operational as an independent charity and we were able to significantly reduce the work that we do through our restricted fund that preceded it.

Faith in Later Life has reached several million people with messages of encouragement and equipping through BBC local radio, Christian media, and some national players such as Talk Radio. It has been able to convene work on a national scale as it has become known as the place to go to access churches and Christian work amongst older people. It has been consulted by MPs on parliamentary groups concerned with older age; it has produced guidance for churches in partnership with the National Centre for post qualifying Social work that will be vital for any church project that wants to take referrals from the state under social prescribing or other policies; and perhaps most notably it was a founding partner of "Daily Hope" launched by the Archbishop of Canterbury to offer telephone Christian fellowship to older people unable to access church through the lockdowns via the internet. As at 31/3/21 Daily Hope had clocked up over 4 million minutes of listening time. On the ground the number of volunteers who associate with Faith in Later Life has grown strongly and now number close to 400. These "church champions" attend training via Zoom and have been active in reaching out to lonely people using post cards and other resources provided by Faith in Later Life. The feedback from Church Champions is catalogued in a database and this is starting to become good evidence of impact as people report friendships developing (reduced loneliness) and people coming to faith or having their faith re-kindled.

On average over the year at any one time we were caring for and supporting around 420 older people against a total maximum possible of 510 across all our facilities (including Strathclyde house and Kirby Muxloe flats).

FINANCIAL REVIEW

This has been a challenging year because of the pandemic. The thirty pandemic related deaths, concentrated in five homes where we had an outbreak represented 13% of the people living with us and it is the understandable reluctance of people to move into care when doing so means a period of isolation and restricted visiting that has been the primary reason why our occupancy has been around 8% lower than budgeted for most of the year. This represents c£800,000 of lost income.

Our costs have also increased because of PPE requirements and additional infection control procedures (arranging and facilitating visits, testing etc) but these have been offset by local authority infection control grants that totalled £0.7m.

The net result of the above is that we broke even from our trading operations before depreciation. This was a better outcome than we had feared in the early stages of the pandemic.

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Trustees' report (continued)

For the year ended 31 March 2021

Overall, excluding planned investment in Middlefields, there was a cash outflow on necessary capital spend of £0.8m.

The rate at which occupancy recovers is key to the long-term impact of the pandemic. We have been pleased to see occupancy at Evington recovering well but needing 11 months after its outbreak before people started to move in. This shows that a home can recover from the reputational impact of an outbreak.

Apart from the usual temporary "blips" occupancy has recovered well during the year with the exception of Great Finborough (where a particularly severe outbreak has reduced occupancy to around 65%) and Peterborough where another bad outbreak in February 2021 has reduced occupancy to levels of under 40% that are only viable in the very short term.

Overall performance

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 £882,000. Excluding the gift of Carey Gardens, the net result is that the underlying EBITDAR was negative £248,000.

STATUTORY INFORMATION

Our objects and how we seek to fulfil them

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

The Pilgrims' Friend Group exists to research and understand the context for the delivery of Christian Care and it sets policies and provides direction for the charities in its group. The board of this charity makes significant decisions for the running of the group. All of the Members of the Board of Trustees of The Pilgrims' Friend Group are also on the board of one or more of the Group's subsidiary entities. The trustees of the Pilgrims' Friend Group are distributed so that we have the capacity to manage conflicts of interest 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.

Pilgrim Homes Trust (and Pilgrim Homes before it) fulfils its objects through the ownership of care homes and

PILGRIMS' FRIEND SOCIETY

Trustees' report (continued)

For the year ended 31 March 2021

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 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.

PILGRIMS' FRIEND SOCIETY

Trustees' report (continued)

For the year ended 31 March 2021

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.

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. The Pilgrims Friend Group (TPFG) – the ultimate holding company of this Charity.
 - b. Pilgrim Homes (PH) – a fellow subsidiary of the Pilgrims Friend Group.
 - c. Pilgrim Homes Trust (PHT) – a fellow subsidiary of the Pilgrims Friend Group.
 - d. Strathclyde House Trust (SHT) – a subsidiary of this Charity.
3. PFG Trading Limited – a limited company
4. Aged Pilgrims' Friend Society Trust Limited (APFST) – a non-trading limited company which, holds title to the properties owned by Pilgrim Homes. APFST is a wholly owned subsidiary of Pilgrim Homes Trust holds title to the properties on behalf of Pilgrim Homes Trust.

Investment policy

The cost of the Renewal Programme at Chippenham (building Middlefields House) has been funded to date by investing surplus cash reserves, and the sale of investments and property in related entities. Further sales of property at Redbourn and Brighton will fund the remainder of the cash outlay, and because the timing of these cash inflows are difficult to predict, £2.5m was borrowed from Lloyds Bank in June 2021.

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

Principal sources of funding

The charity 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.

As mentioned above, the group has agreed a bridging loan facility of £2.5million with Lloyds Bank to cover timing differences 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.

Accommodation charges policy

As with the other related charities, this charity sets the level of charges for accommodation in its care homes

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Trustees' report (continued) For the year ended 31 March 2021

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

Pilgrims' Friend Society 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. Pilgrims' Friend Society is registered with the Fundraising Regulator.

Risks and regulations

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

Risk	Actions to mitigate
Pandemic seriously impairs the charity's ability to deliver care and head office services to the homes	Contingency and continuity plans; pandemic policy
The charity is unable to recruit staff with the necessary skills	Apprenticeships, career paths and action plans in place. Remuneration policy. Lobbying through the National Care Forum when changes to immigration rules threaten staff availability.
Reduced occupancy in the charities homes means they are no longer viable	Effective occupancy marketing. Performance data monitored and acted on.
Financial drain on the charity from the pandemic	Close monitoring of cash, liquidation of illiquid investments, use of bank loans

Reserves

The Charity holds funds of £8,547,000 at the year end. Restricted funds account for £565,000 of this and most of these reserves can be used to fund operational costs of a proportion of the operating entities (the Pilgrim Homes). Of the general and designated funds, £7,863,000 could only be realised by disposing of tangible fixed assets or programme related investments. In addition, a further £1,560,000 is allocated to funding the remaining costs of the new home at Middlefields. This means that the reserves (that is, the part of the charity's unrestricted funds that is freely available to spend on any of the charity's purposes) is a negative £1,441,000 a shortfall of £2,441,000 against a target of £1,000,000. To bridge this gap, the charity has access to £2.5m of loan finance (drawn down in June 2021) which it will repay using proceeds from the sale of investment properties and a former home which is now closed.

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

PILGRIMS' FRIEND SOCIETY

Trustees' report (continued) For the year ended 31 March 2021

and the current strategic plan. Trustee performance is subject to an annual review by the Chairman.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Pilgrims' Friend Society 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 company and of the income and expenditure, of the charitable company 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 company 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 company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF DISCLOSURE TO AUDITOR

So far as each person who was a trustee at the date of approving this report is aware, there is no relevant audit information of which the charity's auditor is unaware. Additionally, the trustees individually have taken all the necessary steps that they ought to have taken as trustees 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: 23 September 2021

PILGRIMS' FRIEND SOCIETY

Independent auditor's report to the trustees of Pilgrims' Friend Society For the year ended 31 March 2021

OPINION

We have audited the financial statements of Pilgrims' Friend Society (the charity) for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 2021 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

PILGRIMS' FRIEND SOCIETY

Independent auditor's report to the trustees of Pilgrims' Friend Society (continued) **For the year ended 31 March 2021**

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of 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 financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Report has 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, 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.

PILGRIMS' FRIEND SOCIETY

Independent auditor's report to the trustees of Pilgrims' Friend Society (continued) For the year ended 31 March 2021

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

Based on our understanding of the charity, we identified that the principal risks of non-compliance with laws and regulations related to charity financial reporting, employment, health & safety and care and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011 and Companies Act 2006.

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

We determined that the principal risks were related to:

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

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

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

There are inherent limitations in the audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

PILGRIMS' FRIEND SOCIETY

Independent auditor's report to the trustees of Pilgrims' Friend Society (continued) **For the year ended 31 March 2021**

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

USE OF OUR REPORT

This report is made solely to the 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

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: 28 September 2021

PILGRIMS' FRIEND SOCIETY

Statement of financial activities (incorporating the income and expenditure account) For the year ended 31 March 2021

		2021			2020		
		Unrest- ricted Funds £000	Rest- ricted Funds £000	Total £000	Unrest- ricted Funds £000	Rest- ricted Funds £000	Total £000
	Note						
Income from:							
Donations and legacies	2	1,699	261	1,960	213	243	456
Investments	3	1	37	38	8	97	105
Charitable activities	4	3,353	8,235	11,588	3,526	8,192	11,718
Other trading activities		4	13	17	-	784	784
Other income – CJRS grants		8	20	28	-	-	-
Total income		5,065	8,566	13,631	3,747	9,316	13,063
Expenditure on:							
Raising funds	5	29	33	62	27	7	34
Charitable activities	6	4,826	8,140	12,966	4,162	9,550	13,712
Total expenditure		4,855	8,173	13,028	4,189	9,557	13,746
Net (losses) on investments		-	-	-	-	(207)	(207)
Net income/(expenditure)		210	393	603	(442)	(448)	(890)
Transfers between funds		-	-	-	(457)	457	-
Other gains/(losses)							
Net assets gifted to Pilgrim Homes Trust		-	-	-	-	(10,476)	(10,476)
Net assets gifted by Strathclyde House Trust		-	-	-	2,228	-	2,228
Net movement in funds		210	393	603	1,329	(10,467)	(9,138)
Reconciliation of funds							
Total funds brought forward		7,772	172	7,944	6,443	10,639	17,082
Total funds carried forward		7,982	565	8,547	7,772	172	7,944

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

The notes on pages 18 to 33 form part of these financial statements.

PILGRIMS' FRIEND SOCIETY

Balance sheet

As at 31 March 2021

		2021	2020
	Note	£000	£000
Fixed assets			
Tangible assets	9	5,647	4,458
Investments	10	<u>2,228</u>	<u>2,228</u>
		7,875	6,686
Current assets			
Debtors and prepayments	11	1,523	559
Cash equivalents on deposit		-	1,101
Cash at bank and in hand		<u>1,463</u>	<u>2,369</u>
		2,986	4,029
Creditors: Amounts falling due within one year	12	<u>(2,314)</u>	<u>(2,771)</u>
Net current assets		<u>672</u>	<u>1,258</u>
Total assets less current liabilities		<u>8,547</u>	<u>7,944</u>
Funds:	13		
Unrestricted funds	13,14	7,982	7,772
Restricted funds	15	<u>565</u>	<u>172</u>
Total Funds		<u>8,547</u>	<u>7,944</u>

The financial statements were approved by the Trustees on 23 September 2021 and signed on their behalf by:

A Copeman
A R Copeman
Chairman

B Jarvis
B R Jarvis
Trustee

S Hammersley
S Hammersley
Chief Executive

Company Registration No: 3027071

The notes on pages 18 to 33 form part of these financial statements.

PILGRIMS' FRIEND SOCIETY

Statement of cash flows

For the year ended 31 March 2021

	2021 £000	2020 £000
Cash flows from operating activities		
<i>Trading and donations</i>		
Net movement in funds	603	(9,138)
Depreciation	279	415
Interest and dividends included in investing activities	(38)	(105)
(Gain)/loss on disposal of fixed assets	2	(2)
Donation of property	(1,130)	-
Realised (gains) on disposal of investments	-	(25)
Movement in fair value of investments	-	232
Net cash (used in) trading and donations	(284)	(8,623)
<i>Working capital movements</i>		
Decrease in housing stocks at Royd Court and Pilgrim Gardens	-	777
(Increase)/decrease in debtors	(964)	25
(Decrease)/increase in creditors	(457)	1,904
Net cash provided by working capital movements	(1,421)	2,706
Net cash (used in) operating activities	(1,705)	(5,917)
Cash flows from investing activities		
<i>Tangible fixed assets</i>		
Payments on additions of tangible fixed assets	(340)	(300)
Proceeds on disposal of tangible fixed assets	-	13
Transfer of tangible fixed assets to Pilgrim Homes Trust	-	1,825
Net cash (used in)/provided by tangible fixed assets	(340)	1,538
<i>Fixed asset investments</i>		
Interest and dividends received	38	105
Payments on additions of fixed asset investments	-	(2,927)
Proceeds on disposal of fixed asset investments	-	670
Transfer of fixed asset investments to Pilgrim Homes Trust	-	4,100
Transfer of fixed asset investments to The Pilgrims' Friend Group	-	43
Net cash provided by fixed asset investments	38	1,991
Net cash (used in)/provided by investing activities	(302)	3,529
Net cash (outflow)	(2,007)	(2,388)
Cash and cash equivalents at 1 April 2020	3,470	5,858
Cash and cash equivalents at 31 March 2021	1,463	3,470

The notes on pages 18 to 33 form part of these financial statements.

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements For the year ended 31 March 2021

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

This charity is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this charity, which are intended to give a true and fair view of the assets, liabilities, financial position and surplus or deficit of the group. The charity has therefore taken advantage of exemptions from the requirement to disclose transactions with other group undertakings.

The financial statements of the charity are consolidated in the financial statements of The Pilgrims Friend Group. These consolidated financial statements are available from its registered office at 175 Tower Bridge Road, London SE1 2AL.

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.

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.

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued) For the year ended 31 March 2021

1. ACCOUNTING POLICIES (continued)

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. Income

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

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

1f. 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.

1g. Governance costs

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

1h. 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 is set out in the notes to the financial statements.

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued) For the year ended 31 March 2021

1. ACCOUNTING POLICIES (continued)

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 is set out in note 17 to the financial statements.

1i. 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.

1j. 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.

1k. Investments

Investments in subsidiary charities are included at the historic cost less provisions for impairment.

1l. Debtors

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

1m. 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.

1n. Creditors and provisions

Creditors and provisions are recognised where the charity 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.

1o. 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 2021 £000	Total 2020 £000
Donations	587	174	761	395
Gift of Property from Kirby Muxloe Church	1,065	65	1,130	-
Legacies	<u>47</u>	<u>22</u>	<u>69</u>	<u>61</u>
	<u>1,699</u>	<u>261</u>	<u>1,960</u>	<u>456</u>

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued) For the year ended 31 March 2021

3. INCOME FROM INVESTMENTS

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
Rental of investment properties	-	33	33	39
Bank interest	1	4	5	21
Dividends	-	-	-	45
	<u>1</u>	<u>37</u>	<u>38</u>	<u>105</u>

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
Care fees	3,206	6,857	10,063	10,765
Housing income	147	690	837	953
Covid-19 LB care grants	-	688	688	-
	<u>3,353</u>	<u>8,235</u>	<u>11,588</u>	<u>11,718</u>

5. EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
Publicity and deputation	<u>29</u>	<u>33</u>	<u>62</u>	<u>34</u>

6. EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
<i>Activities split by fund:</i>				
Housing	69	832	901	875
Care	3,953	7,158	11,111	11,103
Cost of extra care leases sold	-	-	-	778
Education and training	133	76	209	184
Raising awareness	84	25	109	95
General support costs	<u>306</u>	<u>49</u>	<u>355</u>	<u>264</u>
	<u>4,545</u>	<u>8,140</u>	<u>12,685</u>	<u>13,299</u>
Depreciation and loss on disposal	<u>281</u>	-	<u>281</u>	<u>413</u>
	<u>4,826</u>	<u>8,140</u>	<u>12,966</u>	<u>13,712</u>

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued)

For the year ended 31 March 2021

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 2021 £000	Total 2020 £000
Salaries and wages	305	7,287	-	71	25	1,215	8,903	8,569
Food	99	466	-	-	-	-	565	614
Administrative expenses	34	375	-	4	-	488	901	830
Repairs and maintenance	193	604	-	-	-	-	797	779
Heat and light	51	249	-	-	-	-	300	318
Other expenses	64	722	-	134	84	-	1,004	694
Cost of extra care leases sold	-	-	-	-	-	-	-	778
Professional fees	-	18	-	-	-	177	195	217
Governance costs: audit fees	-	-	-	-	-	22	22	20
In specie donations to Pilgrim Homes	-	-	-	-	-	-	-	510
Allocated administrative costs	<u>155</u>	<u>1,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,547)</u>	<u>(2)</u>	<u>(30)</u>
	901	11,111	-	209	109	355	12,685	13,299
Buildings depreciation	23	153	-	-	-	-	176	183
General depreciation	3	68	-	-	-	32	103	232
Loss/(gain) on disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>(2)</u>
	<u>927</u>	<u>11,332</u>	<u>-</u>	<u>209</u>	<u>109</u>	<u>389</u>	<u>12,966</u>	<u>13,712</u>

During the year the auditors were paid £10,000 for accountancy services (2020: £42,000).

Support costs (less allocated administrative costs):

Staff costs	1,215	1,145
Depreciation	32	38
Loss on disposal	2	(2)
Professional fees	199	217
Other administrative expenses	<u>488</u>	<u>461</u>
	<u>1,936</u>	<u>1,859</u>

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued) For the year ended 31 March 2021

7. STAFF COSTS

	2021 £000	2020 £000
Wages and salaries	7,206	7,118
Redundancy costs	25	60
Social security costs	483	455
Pension costs	273	266
Agency staff costs	<u>916</u>	<u>670</u>
	<u>8,903</u>	<u>8,569</u>

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

	No	No
Homes	445	470
Head Office	<u>29</u>	<u>28</u>
	<u>474</u>	<u>498</u>

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

	No	No
Homes	282	288
Head Office	<u>27</u>	<u>25</u>
	<u>309</u>	<u>313</u>

The emoluments of two employees exceeded £60,000 in the year ended 31 March 2021 (2020: two). One of those employees earned between £60,000 and £70,000 and the other earned between £80,000 and £90,000 (2020: 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 (2020: £nil). Travel expenses of £nil (2020: £2,864) were reimbursed to 0 trustees (2020: 6 trustees) for items incurred wholly, exclusively and necessarily in the course of the charity's activities.

The total aggregate remuneration of Key Management Personnel for the year was £472,484 (2020: £399,707).

The total remuneration (including gross salary, employer's National Insurance, benefits in kind and employer's pensions contributions) paid to family members of the trustees was £59,815 (2020: £57,812).

8. NET INCOME/(EXPENDITURE)

	2021 £000	2020 £000
This is stated after charging:		
Depreciation	279	415
Loss on disposal	2	(2)
Auditors' remuneration for audit services	22	20
Auditors' remuneration for other services	<u>10</u>	<u>42</u>

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued) For the year ended 31 March 2021

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £000	Furniture, fittings and equipment £000	Motor vehicles £000	Total £000
Cost				
As at 1 April 2020	5,485	868	104	6,457
Additions	1,422	48	-	1,470
Disposals	-	(30)	-	(30)
As at 31 March 2021	<u>6,907</u>	<u>886</u>	<u>104</u>	<u>7,897</u>
Depreciation				
As at 1 April 2020	1,375	585	39	1,999
Charge for the year	176	81	22	279
Released on disposals	-	(28)	-	(28)
As at 31 March 2021	<u>1,551</u>	<u>638</u>	<u>61</u>	<u>2,250</u>
Net book value				
As at 31 March 2021	<u>5,356</u>	<u>248</u>	<u>43</u>	<u>5,647</u>
As at 31 March 2020	<u>4,110</u>	<u>283</u>	<u>65</u>	<u>4,458</u>

	2021 £000	2020 £000
At cost or donated value:		
Bethany Christian Home, Plymouth	583	576
Ernest Luff Care Home, Walton-on-the-Naze	2,078	1,840
Ernest Luff Housing, Walton-on-the-Naze	1,553	1,545
Emmaus Care Home, Harrogate	878	869
Permanent landscape, Ernest Luff Care Home	34	34
Florence House, Peterborough	651	621
Carey Gardens, Kirby Muxloe	<u>1,130</u>	-
	<u>6,907</u>	<u>5,485</u>

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued) For the year ended 31 March 2021

10. INVESTMENTS

Unlisted investments £000

Valuation

As at 1 April 2020 and 31 March 2021

2,228

Historic cost

As at 1 April 2020 and 31 March 2021

2,228

The closing balance of unlisted investments related to the charity's 100% controlling interest in Strathclyde House Trust Limited, a charitable company registered in Scotland.

11. DEBTORS AND PREPAYMENTS

2021 £000

2020 £000

Arrears of local authority and residents' contribution	149	329
Amounts due from group entities	1,009	65
Amounts owed from Pilgrim Garden service charge	80	1
Amounts owed from Royd Court service charge	51	7
Other debtors and prepayments	<u>234</u>	<u>157</u>
	<u>1,523</u>	<u>559</u>

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

2021 £000

2020 £000

Trade creditors	133	444
Taxation and social security	134	92
Amounts due to group entities	1,257	1,682
Other creditors and accruals	<u>790</u>	<u>553</u>
	<u>2,314</u>	<u>2,771</u>

Following the advent of lockdown restrictions, there was a delay in the March 2020 purchase ledger payment run, resulting in an increase in the amount owed to trade creditors at the prior year end.

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued)
For the year ended 31 March 2021

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Funds	Designated Funds (note 14)	Restricted Funds - general (note 15b)	Restricted Funds - Pilgrim Homes (note 15a)	Total Funds
2021	£000	£000	£000	£000	£000
Fixed assets					
Tangible	5,635	-	-	12	5,647
Investments	-	2,228	-	-	2,228
Current assets	2,433	-	95	458	2,986
Current liabilities	(2,314)	-	-	-	(2,314)
Total Net Assets	<u>5,754</u>	<u>2,228</u>	<u>95</u>	<u>470</u>	<u>8,547</u>
2020					
Fixed assets					
Tangible	4,458	-	-	-	4,458
Investments	-	2,228	-	-	2,228
Current assets	3,638	219	68	104	4,029
Current liabilities	(2,771)	-	-	-	(2,771)
Total Net Assets	<u>5,325</u>	<u>2,447</u>	<u>68</u>	<u>104</u>	<u>7,944</u>

14. DESIGNATED FUNDS

	Brought forward at 1 April 2020	Income	Expenditure	Revaluations and transfers	Carried forward at 31 March 2021
2021	£000	£000	£000	£000	£000
Futures Fund (Designated)	219	218	(263)	(174)	-
Strathclyde House Trust	2,228	-	-	-	2,228
	<u>2,447</u>	<u>218</u>	<u>(263)</u>	<u>(174)</u>	<u>2,228</u>
2020					
Futures Fund (Designated)	268	47	(96)	-	219
Strathclyde House Trust	-	-	-	2,228	2,228
	<u>268</u>	<u>47</u>	<u>(96)</u>	<u>2,228</u>	<u>2,447</u>

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued)

For the year ended 31 March 2021

15. a) RESTRICTED FUNDS – PILGRIM HOMES

2021	Brought forward at 1 April 2020 £000	Income £000	Expenditure £000	Transfers £000	Carried forward at 31 March 2021 £000
Funds restricted by Pilgrim Homes articles:					
<i>General unrestricted funds</i>					
Pilgrim Homes Fund	38	7,687	(7,314)	-	411
<i>Pilgrim Homes Restricted Funds</i>					
Homes Voluntary Support Funds (see note 15c)	<u>66</u>	<u>36</u>	(<u>43</u>)	<u>-</u>	<u>59</u>
Total restricted funds – Pilgrim Homes	<u>104</u>	<u>7,723</u>	(<u>7,357</u>)	<u>-</u>	<u>470</u>

15. b) RESTRICTED FUNDS – GENERAL

NYCC Grant	1	-	-	-	1
Faith in Later Life	41	84	(125)	-	-
Homes Voluntary Support Funds (see note 15c)	7	4	(3)	-	8
Local Homes Project Funds	15	-	-	-	15
Carey Gardens	-	65	-	-	65
Covid-19 LA Grants Fund	-	688	(688)	-	-
Dementia Fund	<u>4</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>6</u>
Total restricted funds - general	<u>68</u>	<u>843</u>	(<u>816</u>)	<u>-</u>	<u>95</u>

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued)

For the year ended 31 March 2021

15. c) RESTRICTED FUNDS – HOMES VOLUNTARY SUPPORT FUNDS

2021	Brought forward at 1 April 2020 £000	Income £000	Expenditure £000	Transfers £000	Carried forward at 31 March 2021 £000
Funds restricted by Pilgrim Homes articles					
Chippenham	1	4	(2)	-	3
Great Finborough	24	10	(7)	-	27
Evington	17	9	(26)	-	-
Tunbridge Wells	3	2	-	-	5
Wantage	3	7	(7)	-	3
Shottermill	18	3	(1)	-	20
Bedford	-	1	-	-	1
<i>Total funds restricted by Pilgrim Homes articles</i>	66	36	(43)	-	59
Other restricted funds					
Ernest Luff Care	-	1	-	-	1
Bethany Christian Home	2	1	-	-	3
Emmaus House	5	-	(3)	-	2
Florence House	-	2	-	-	2
Total Homes Voluntary Support Funds	<u>73</u>	<u>40</u>	<u>(46)</u>	<u>-</u>	<u>67</u>

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued)

For the year ended 31 March 2021

15. a) RESTRICTED FUNDS – PILGRIM HOMES (continued)

2020	Brought forward at 1 April 2019 £000	Income £000	Expenditure £000	Revaluations and transfers £000	Transfer to Pilgrim Homes Trust £000	Carried forward at 31 March 2020 £000
Funds restricted by Pilgrim Homes articles:						
<i>General unrestricted funds</i>						
Pilgrim Homes Fund	<u>6,794</u>	<u>9,130</u>	<u>(9,391)</u>	<u>275</u>	<u>(6,770)</u>	<u>38</u>
<i>Designated Funds</i>						
Operational Risk Reserve	<u>1,030</u>	-	-	-	<u>(1,030)</u>	-
Futures Fund	<u>444</u>	<u>8</u>	<u>(86)</u>	<u>20</u>	<u>(386)</u>	-
<i>Total designated funds restricted by Pilgrim Homes articles</i>	<u>1,474</u>	<u>8</u>	<u>(86)</u>	<u>20</u>	<u>(1,416)</u>	-
<i>Pilgrim Homes Restricted Funds</i>						
St Albans Home	<u>438</u>	<u>3</u>	-	-	<u>(441)</u>	-
Lucy McNeil Home	<u>1,841</u>	<u>8</u>	-	-	<u>(1,849)</u>	-
Homes Voluntary Support Funds (see note 15c)	<u>61</u>	<u>49</u>	<u>(44)</u>	-	-	<u>66</u>
<i>Total restricted funds restricted by Pilgrim Homes articles</i>	<u>2,340</u>	<u>60</u>	<u>(44)</u>	-	<u>(2,290)</u>	<u>66</u>
Total restricted funds – Pilgrim Homes	<u>10,608</u>	<u>9,198</u>	<u>(9,521)</u>	<u>295</u>	<u>(10,476)</u>	<u>104</u>

15. b) RESTRICTED FUNDS – GENERAL

NYCC Grant	<u>1</u>	-	-	-	-	<u>1</u>
Faith in Later Life	<u>5</u>	<u>113</u>	<u>(77)</u>	-	-	<u>41</u>
Homes Voluntary Support Funds (see note 15c)	<u>10</u>	<u>1</u>	<u>(4)</u>	-	-	<u>7</u>
Local Homes Project Funds	<u>12</u>	<u>3</u>	-	-	-	<u>15</u>
Dementia Fund	<u>3</u>	<u>1</u>	-	-	-	<u>4</u>
Total restricted funds - general	<u>31</u>	<u>118</u>	<u>(81)</u>	-	-	<u>68</u>

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued)

For the year ended 31 March 2021

15. 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	—	<u>1</u>	(<u>1</u>)	<u>-</u>	<u>-</u>
<i>Total funds restricted by Pilgrim Homes articles</i>	61	49	(44)	-	66
Other restricted funds					
Bethany Christian Home	2	-	-	-	2
Emmaus House	<u>8</u>	<u>1</u>	(<u>4</u>)	<u>-</u>	<u>5</u>
Total Homes Voluntary Support Funds	<u>71</u>	<u>50</u>	(<u>48</u>)	<u>-</u>	<u>73</u>

All Homes Voluntary Support Funds are restricted funds. Income received represents donations received for work at individual care homes and all expenditure is for the benefit of the ongoing work of the specific home. Where a home is lossmaking, at the end of the year the balance on the support fund is transferred to the general fund of the charity to assist in defraying the losses.

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued) For the year ended 31 March 2021

16. FURTHER DETAILS ON RESTRICTED AND DESIGNATED FUNDS

Designated Funds

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.

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 balance was transferred out during the year to meet the costs of the Middlefields development.

Restricted Funds

Pilgrim Homes Fund

This heading includes both the reserves of Pilgrim Homes and the Pilgrim Homes Restricted Fund within Pilgrims' Friend Society, which were transferred to Pilgrim Homes Trust on 31 March 2020.

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 Tabernacle Almshouse Funds (one restricted and one designated)

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

Local Homes Project Funds

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

Dementia Fund

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

Homes Voluntary Support Funds

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

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued) For the year ended 31 March 2021

16. FURTHER DETAILS ON RESTRICTED AND DESIGNATED FUNDS (continued)

Covid grants

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

Carey Gardens

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

17. LEASING COMMITMENTS

Operating leases

The charitable company's total future minimum lease payments under operating leases at 31 March 2021 were payable as set out below:

	2021 £000	2020 £000
Within one year	79	104
Within two to five years	-	79
	<u>79</u>	<u>183</u>

The operating lease charges for the year were:

	2021 £000	2020 £000
Land and buildings	85	74
Hire of plant and machinery	<u>101</u>	<u>97</u>
	<u>186</u>	<u>171</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.

18. 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 (2020: £20,000).

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.

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued)

For the year ended 31 March 2021

19. RELATED PARTY TRANSACTIONS

The Pilgrims Friend Group is the ultimate controlling charity of the group. The charity is a subsidiary of The Pilgrims Friend Group by virtue of that charity being the sole member of Pilgrims' Friend Society with the right to appoint directors. Transactions with The Pilgrims Friend Group and its other group undertakings are not disclosed as consolidated financial statements for the group are publicly available.

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

20. COMPANY LIMITED BY GUARANTEE

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