

PILGRIMS' FRIEND SOCIETY

Financial Statements

For the year ended 31 March 2022

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 2022

DIRECTORS AND TRUSTEES

Alan Copeman
Genefer Espejo
Robin Turnbull

Bryan Jarvis (Chairman)
Max Robinson
Sheila Warnes (appointed 9 June 2022)

COMPANY SECRETARY

Debbie Buggs

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>
Debbie Buggs	<i>Director of Finance and Company Secretary</i>
Andy Walsh	<i>Director of Property Services</i>
Joshua Field	<i>Director of Human Resources</i>
Alexandra Davis	<i>Director of Marketing</i>

PILGRIMS' FRIEND SOCIETY

Trustees' report

For the year ended 31 March 2022

The trustees present their report, together with the financial statements of the company for the year ended 31 March 2022. The trustees' report incorporates the directors' report and the strategic report prepared for the purposes of company law.

MISSION REVIEW

As a Christian charity we hold to the value of prayer in that God answers the prayers of people who ask in faith, and we know that we cannot deliver against our charitable objects to advance the Christian faith amongst older people through our homes and schemes apart from God's help. During the year we have maintained daily times of prayer with most managers and trustees present.

These daily times, our occasional mini conferences over Zoom; and our in-person conference for managers and trustees in September have shown that we are blessed with a cohort of leaders whose faith and trust in God is strong, who support and encourage each other, and who are deeply committed to supporting spiritually the people who live with us.

During the year we developed, with our colleagues, four values, based on the Bible, that sum up how we want to live out our Christian faith: Compassion; Community; Transparency; and Excellence. These values are helping us engage with our staff colleagues whether or not they have a personal commitment to the Christian faith.

Our people have excelled

The big picture overview is a story of our staff colleagues', and particularly our managers', outstanding resilience, and performance in the face of the challenges of Covid 19, for which we give thanks to God.

The financial year started in April 2021 with the charity (and country) just coming out of the second wave lockdown, with outbreaks and significant numbers of people still dying even as the drive to vaccinate frail and vulnerable people was picking up pace.

Our people in our homes, schemes and support teams were outstanding and this was recognised by relatives whom we surveyed during this period.

The effectiveness of the vaccines was remarkable, but the challenge of the pandemic persisted albeit in a different form as infections climbed and staff absences through isolation and illness exacerbated underlying challenges of recruiting and retaining enough people.

Our managers and leaders in our homes and schemes and in our support teams were again outstanding as, in the teeth of these challenges, the quality of our care has remained high (based on our internal audits) and the occupancy in our homes recovered rapidly and faster than expected.

During the year we completed sufficient of our job evaluation project and additional survey work that identified gaps opening particularly at a home level between our pay and local market rates. To try and improve retention and recruitment (and prevent it deteriorating) this led us to bring forward the annual pay increases for hourly paid staff from April 2022 to January 2022.

There is no doubt that our people deserved financial recognition to go alongside the letters and messages of commendation that they received.

PILGRIMS' FRIEND SOCIETY

Trustees' report (continued)

For the year ended 31 March 2022

Our Projects have delivered

As the timeline for Covid attached shows this has been a demanding year operationally for our front-line teams and those who work in support as regulations, guidance and conditions have changed regularly and significantly.

In addition to these ongoing challenges, we have progressed and delivered several significant planned projects:

- Our bespoke approach to living alongside and with people The Way We Care is now in place in all of our residential care homes and the language and reality of “being like a family” is now our norm.
- We have established Activity and Community Engagement Facilitators in all our homes: Christian staff with a mission to re-establish and develop links with local churches and communities after the covid lockdowns and briefed to identify, train and develop volunteers for the benefit of our homes and the churches from which they come.
- The Renewal Programme took a significant step forward though the acclaimed launch of our award-winning new care home in Chippenham, Middlefields House, built to replace our Leonora Home and to support The Way We Care and our community engagement aspirations. It is to the credit of all involved that this was delivered broadly to budget and time and that the initial reactions to the home have been so positive. Demand has been high and the key constraint to its growth has been the high incidence of Covid resulting in slower than hoped for admissions and staff shortages.
- The Renewal Programme on the South Coast (Worthing) also progressed through a significant project to bring the Koinonia Home within Pilgrims' Friend Society (effective 1 April 2022) and the continued search for a site for a new home in the area. Again, under the umbrella of the Renewal Programme we have progressed the sale of houses and flats at Redbourn, the (closed) home in Brighton, land at Churston Ferriers; and the sale of the site of the Leonora home in Chippenham.
- In support of our front-line operations, we have also done significant work to:
 - Upgrade and streamline our finance systems
 - Introduce and embed in our residential care homes: mobile point of care; digital medication ordering and care audit tools
 - Get up to speed with the use of Donorfy, our new and more GDPR compliant supporter database
 - Migrate our systems to the cloud and away from our own vulnerable, inflexible, and unreliable servers.
- Risks have been reduced through projects to reduce vulnerability to hacking and cyber-attack (cloud-based servers; data security training and briefings; older vulnerable PCs replaced; updated policies); and to reduce data protection GDPR risks (staff training).
- We were pleased that Middlefields House won the Pinders Healthcare Design Award announced in March 2022.

Significant events have been responded to

Exceptional situations have arisen that required us to respond:

- Extremely low occupancy because of Covid and problems finding Christian managers required us to review the future of our home in Peterborough. Having announced the need to close the home we were delighted that it was instead acquired by a mother and daughter team who run a local home and who, supported by two volunteers, promised to maintain the Christian ethos of the home.
- We were able to help Melbourne Home in Leicester close in an orderly and sympathetic way by providing operational management and support. As of 1 April 2022, Pilgrims' Friend Society was appointed the sole corporate trustee of the charity that owns the home, and an offer was accepted for the home for £1.2m.
- We were able to help the Gospel Standard Home near Chippenham close well in emergency circumstances.
- New (post-Grenfell) fire regulations have required several property projects totalling almost £0.75m.

PILGRIMS' FRIEND SOCIETY

Trustees' report (continued)

For the year ended 31 March 2022

- The need to replace the roof at Strathclyde House and a difficult trading year has prompted us to engage with residents about better ways of paying the bills and a review of the support needed from Pilgrims' Friend Society.

Scale of our impact

We ended the year with 224 of 250 (89%) residential care places filled whereas a year earlier we had 206 of 253 (81%) places. During the year we lost 19 places with the sale of Florence House, and gained 16 more places in the Chippenham area with the opening of Middlefields, replacing Leonora. At the end of the year three out of four households were in use at Middlefields (equating to 36 places) and by the autumn of 2022 we pray that the one remaining household will be open.

Housing occupancy (excluding Strathclyde House) was 86% down from 88% on 31 March 2021. This means that we had 165 people living with us in housing on 31 March 2022, down from 169 on 31/3/21.

FINANCIAL REVIEW

Overall performance

The charity suffered a net loss of £390,000 in the year compared to a net surplus of £603,000 in the previous year.

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 a loss of £104,000 against a loss of £248,000 the previous year excluding the gift of Carey Gardens.

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

Trustees' report (continued)

For the year ended 31 March 2022

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

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

Pilgrim Homes Trust (and Pilgrim Homes before it) fulfils its objects through the ownership of care homes and housing schemes which are operated on its behalf by Pilgrims' Friend Society. Pilgrim Homes Trust is the group charity 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

PILGRIMS' FRIEND SOCIETY

Trustees' report (continued)

For the year ended 31 March 2022

typically preceded by a consultation with colleagues in our homes and our volunteers sometimes involving a visit by a member of the executive team and a trustee. We encourage colleagues' involvement in the Society's performance and their awareness of the factors affecting our work through a monthly prayer bulletin that is posted on the noticeboards in all our homes and schemes.

Volunteers

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

Future developments

In the coming financial year we plan to integrate the operations of Koinonia Care Home into the charity.

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 by investing surplus cash reserves, and the sale of investments and property in related entities. because the timing of these cash inflows were 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 classes of assets.

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 comprised a £1.5 million Coronavirus Business Interruption Loan under the government facility and a further £1 million interest only loan with Lloyds Bank.

PILGRIMS' FRIEND SOCIETY

Trustees' report (continued) For the year ended 31 March 2022

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

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 or other similar event seriously impairs the charity's ability to deliver care and head office services to the homes	Contingency and continuity plans; pandemic policy
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 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
Price inflation and supply chain delays mean that the charity is unable to provide an adequate level of care	Fixed price contracts are negotiated where possible, fee income increases take account of expected price inflation
The charity's reputation or ability to operate is impaired by data being leaked or corrupted	Standard information technology controls are in place, such as backups and access controls
Inflation and the cost of borrowing mean that the renewal programme is not achievable.	Trends are monitored and alternative sources of funding are sought.

Reserves

The Charity holds funds of £8,157,000 at the year end. Restricted funds account for £1,576,000 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, £7,710,000 could only be realised by disposing of tangible fixed assets or programme related investments. This means that the reserves (that is, the part of the charity's unrestricted funds that is freely available to spend on any of the charity's purposes) is a negative £1,129,000 a shortfall of £2,129,000

PILGRIMS' FRIEND SOCIETY

Trustees' report (continued)

For the year ended 31 March 2022

against a target of £1,000,000. To bridge this gap, the charity has access to loan finance (drawn down in June 2021) and support from other entities in the group.

Trustee recruitment and training

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

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.

PILGRIMS' FRIEND SOCIETY

Trustees' report (continued) For the year ended 31 March 2022

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

Bryan Jarvis

Mr B Jarvis (Chairman)

Date: 21 July 2022

PILGRIMS' FRIEND SOCIETY

Independent auditor's report to the trustees of Pilgrims' Friend Society For the year ended 31 March 2022

OPINION

We have audited the financial statements of Pilgrims' Friend Society (the charity) for the year ended 31 March 2022 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 2022 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 2022**

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 have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement, 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 2022

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:

- 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:

- 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 2022**

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.

P Newton

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

Chartered Accountants
Statutory Auditor

5 Robin Hood Lane
Sutton
Surrey
SM1 2SW

Date: 25 July 2022

PILGRIMS' FRIEND SOCIETY

Statement of financial activities (incorporating the income and expenditure account) For the year ended 31 March 2022

		2022			2021		
		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	203	299	502	1,699	261	1,960
Investments	3	-	6	6	1	37	38
Charitable activities	4	3,889	8,556	12,445	3,353	8,235	11,588
Other income	5	70	3	73	12	33	45
Total income		4,162	8,864	13,026	5,065	8,566	13,631
Expenditure on:							
Raising funds	6	22	3	25	29	33	62
Charitable activities	7	5,542	7,849	13,391	4,826	8,140	12,966
Total expenditure		5,564	7,852	13,416	4,855	8,173	13,028
Net income/(expenditure)		(1,402)	1,012	(390)	210	393	603
Transfers between funds		1	(1)	-	-	-	-
Net movement in funds		(1,401)	1,011	(390)	210	393	603
Reconciliation of funds							
Total funds brought forward		7,982	565	8,547	7,772	172	7,944
Total funds carried forward		6,581	1,576	8,157	7,982	565	8,547

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

The notes on pages 17 to 33 form part of these financial statements.

PILGRIMS' FRIEND SOCIETY

Balance sheet As at 31 March 2022

		2022		2021	
	Note	£000	£000	£000	£000
Fixed assets					
Tangible assets	10		5,482		5,647
Investments	11		<u>2,228</u>		<u>2,228</u>
			7,710		7,875
Current assets					
Debtors and prepayments	12	2,728		1,523	
Cash at bank and in hand		<u>769</u>		<u>1,463</u>	
		3,497		2,986	
Creditors: Amounts falling due within one year	13	(3,050)		(2,314)	
Net current assets			<u>447</u>		<u>672</u>
Total assets less current liabilities			<u>8,157</u>		<u>8,547</u>
Funds:	14				
Unrestricted funds	14,15		6,581		7,982
Restricted funds	16		<u>1,576</u>		<u>565</u>
Total Funds			<u>8,157</u>		<u>8,547</u>

The financial statements were approved by the Trustees on 21 July 2022 and signed on their behalf by:

Max Robinson

M Robinson
Trustee

Bryan Jarvis

B R Jarvis
Trustee

S J Hammersley

S Hammersley
Chief Executive

Company Registration No: 3027071

The notes on pages 17 to 33 form part of these financial statements.

PILGRIMS' FRIEND SOCIETY

Statement of cash flows

For the year ended 31 March 2022

	2022 £000	2021 £000
Cash flows from operating activities		
<i>Trading and donations</i>		
Net movement in funds	(390)	603
Depreciation	286	279
Investment income	(6)	(38)
Gain on disposal of fixed assets	63	2
Donation of property	-	(1,130)
Net cash (used in) trading and donations	(47)	(284)
<i>Working capital movements</i>		
(Increase) in debtors	(1,205)	(964)
Increase/(decrease) in creditors	561	(457)
Net cash provided by working capital movements	(644)	(1,421)
Net cash (used in) operating activities	(691)	(1,705)
Cash flows from investing and financing activities		
<i>Tangible fixed assets</i>		
Payments on additions of tangible fixed assets	(685)	(340)
Proceeds on disposal of tangible fixed assets	501	-
Net cash (used in) tangible fixed assets	(184)	(340)
<i>Fixed asset investments</i>		
Investment income	6	38
Net cash provided by fixed asset investments	6	38
<i>Financing activities</i>		
Proceeds from new loans	175	-
Net cash provided by financing activities	175	-
Net cash (used in) investing and financing activities	(3)	(302)
Net cash (outflow)	(694)	(2,007)
Cash and cash equivalents at 1 April 2021	1,463	3,470
Cash and cash equivalents at 31 March 2022	769	1,463

The notes on pages 17 to 33 form part of these financial statements.

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements For the year ended 31 March 2022

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 2022

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 2022

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.

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued) For the year ended 31 March 2022

2. DONATIONS AND LEGACIES

	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000	Total 2021 £000
Donations	175	83	258	761
Gift of Property from Kirby Muxloe Church	-	-	-	1,130
Legacies	<u>28</u>	<u>216</u>	<u>244</u>	<u>69</u>
	<u>203</u>	<u>299</u>	<u>502</u>	<u>1,960</u>

3. INCOME FROM INVESTMENTS

	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000	Total 2021 £000
Rental of investment properties	-	6	6	33
Bank interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>
	<u>-</u>	<u>6</u>	<u>6</u>	<u>38</u>

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000	Total 2021 £000
Care fees	3,733	7,306	11,039	10,063
Housing income	156	692	848	837
Covid-19 LB care grants	<u>-</u>	<u>558</u>	<u>558</u>	<u>688</u>
	<u>3,889</u>	<u>8,556</u>	<u>12,445</u>	<u>11,588</u>

5. OTHER INCOME

	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000	Total 2021 £000
Gain on disposal of fixed assets	63	-	63	-
Covid grants: CJRS	6	3	9	28
Other sources	<u>1</u>	<u>-</u>	<u>1</u>	<u>17</u>
	<u>70</u>	<u>3</u>	<u>73</u>	<u>45</u>

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued)

For the year ended 31 March 2022

6. EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000	Total 2021 £000
Publicity and deputation	<u>22</u>	<u>3</u>	<u>25</u>	<u>62</u>

7. EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000	Total 2021 £000
<i>Activities split by fund:</i>				
Housing	65	568	633	901
Care	4,736	7,245	11,981	11,111
Education and training	143	-	143	209
Raising awareness	77	-	77	109
General support costs	<u>235</u>	<u>36</u>	<u>271</u>	<u>355</u>
	5,256	7,849	13,105	12,685
Depreciation and loss on disposal	<u>286</u>	<u>-</u>	<u>286</u>	<u>281</u>
	<u>5,542</u>	<u>7,849</u>	<u>13,391</u>	<u>12,966</u>

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued)

For the year ended 31 March 2022

7. EXPENDITURE ON CHARITABLE ACTIVITIES (continued)

<i>Analysis by activity:</i>	Housing £000	Care £000	Education & training £000	Raising awareness £000	General support £000	Total 2022 £000	Total 2021 £000
Salaries and wages	152	7,915	82	27	1,493	9,669	8,903
Food	99	504	-	-	-	603	565
Administrative expenses	27	259	13	2	572	873	901
Repairs and maintenance	128	747	-	-	-	875	797
Heat and light	38	284	-	-	-	322	300
Other expenses	39	443	48	48	1	579	1,004
Professional fees	-	25	-	-	186	211	195
Governance costs: auditor's fees	-	-	-	-	26	26	22
Allocated administrative costs	<u>150</u>	<u>1,804</u>	<u>-</u>	<u>-</u>	<u>(2,007)</u>	<u>(53)</u>	<u>(2)</u>
	633	11,981	143	77	271	13,105	12,685
Buildings depreciation	21	156	-	-	-	177	176
General depreciation	3	75	-	-	31	109	103
Loss on disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
	<u>657</u>	<u>12,212</u>	<u>143</u>	<u>77</u>	<u>302</u>	<u>13,391</u>	<u>12,966</u>

During the year the auditors were paid £16,000 for accountancy services (2021: £10,000).

Support costs (less allocated administrative costs):

Staff costs	1,493	1,215
Depreciation	31	32
Loss on disposal	-	2
Professional fees	212	199
Other administrative expenses	<u>573</u>	<u>488</u>
	<u>2,309</u>	<u>1,936</u>

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued) For the year ended 31 March 2022

8. STAFF COSTS

	2022 £000	2021 £000
Wages and salaries	7,891	7,206
Redundancy costs	-	25
Social security costs	546	483
Pension costs	269	273
Agency staff costs	<u>963</u>	<u>916</u>
	<u>9,669</u>	<u>8,903</u>

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

	No	No
Homes	450	445
Head Office	<u>32</u>	<u>29</u>
	<u>482</u>	<u>474</u>

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

	No	No
Homes	294	282
Head Office	<u>32</u>	<u>27</u>
	<u>326</u>	<u>309</u>

The emoluments of three employees exceeded £60,000 in the year ended 31 March 2022 (2021: two). One of those employees earned between £60,000 and £70,000 and two earned between £80,000 and £90,000 (2021: 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 (2021: £nil). Travel expenses of £nil (2021: £nil) were reimbursed to 0 trustees (2021: 0 trustees) for items incurred wholly, exclusively and necessarily in the course of the charity's activities.

The total aggregate remuneration of Key Management Personnel for the year was £464,078 (2021: £472,484).

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 £60,550 (2021: £59,815).

9. NET INCOME/(EXPENDITURE)

	2022 £000	2021 £000
This is stated after charging:		
Depreciation	286	279
(Gain)/loss on disposal	(63)	2
Auditors' remuneration for audit services	26	22
Auditors' remuneration for other services	<u>16</u>	<u>10</u>

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued) For the year ended 31 March 2022

10. TANGIBLE FIXED ASSETS

	Freehold land and buildings £000	Furniture, fittings and equipment £000	Motor vehicles £000	Total £000
Cost				
As at 1 April 2021	6,907	886	104	7,897
Additions	172	490	23	685
Disposals	(650)	(81)	(20)	(751)
As at 31 March 2022	<u>6,429</u>	<u>1,295</u>	<u>107</u>	<u>7,831</u>
Depreciation				
As at 1 April 2021	1,551	638	61	2,250
Charge for the year	177	83	26	286
Released on disposals	(84)	(83)	(20)	(187)
As at 31 March 2022	<u>1,644</u>	<u>638</u>	<u>67</u>	<u>2,349</u>
Net book value				
As at 31 March 2022	<u>4,785</u>	<u>657</u>	<u>40</u>	<u>5,482</u>
As at 31 March 2021	<u>5,356</u>	<u>248</u>	<u>43</u>	<u>5,647</u>

	2022 £000	2021 £000
At cost or donated value:		
Bethany Christian Home, Plymouth	589	583
Ernest Luff Care Home, Walton-on-the-Naze	2,223	2,078
Ernest Luff Housing, Walton-on-the-Naze	1,576	1,553
Emmaus Care Home, Harrogate	877	878
Permanent landscape, Ernest Luff Care Home	34	34
Florence House, Peterborough	-	651
Carey Gardens, Kirby Muxloe	<u>1,130</u>	<u>1,130</u>
	<u>6,429</u>	<u>6,907</u>

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

	£000
Gain on disposal of Florence House	<u>63</u>

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued) For the year ended 31 March 2022

11. INVESTMENTS

Unlisted investments £000

Valuation

As at 1 April 2021 and 31 March 2022

2,228

Historic cost

As at 1 April 2021 and 31 March 2022

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.

12. DEBTORS AND PREPAYMENTS

2022 £000

2021 £000

Arrears of local authority and residents' contribution	300	149
Amounts due from group entities	1,395	949
Amounts owed from Pilgrim Garden service charge	116	80
Amounts owed from Royd Court service charge	95	51
Amounts owed from Strathclyde service charge	231	60
Other debtors and prepayments	<u>591</u>	<u>234</u>
	<u>2,728</u>	<u>1,523</u>

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

2022 £000

2021 £000

Short term loans	175	-
Trade creditors	58	133
Taxation and social security	131	134
Amounts due to group entities	1,841	1,257
Other creditors and accruals	<u>845</u>	<u>790</u>
	<u>3,050</u>	<u>2,314</u>

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued) For the year ended 31 March 2022

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Funds	Designated Funds (note 15)	Restricted Funds - general (note 16b)	Restricted Funds - Pilgrim Homes (note 16a)	Total Funds
2022	£000	£000	£000	£000	£000
Fixed assets					
Tangible	5,482	-	-	-	5,482
Investments	-	2,228	-	-	2,228
Current assets	1,921		111	1,465	3,497
Current liabilities	(3,050)	-	-	-	(3,050)
Total Net Assets	<u>4,353</u>	<u>2,228</u>	<u>111</u>	<u>1,465</u>	<u>8,157</u>
2021					
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>

15. DESIGNATED FUNDS

	Brought forward at 1 April 2021	Income	Expenditure	Revaluations and transfers	Carried forward at 31 March 2022
2022	£000	£000	£000	£000	£000
Strathclyde House Trust	<u>2,228</u>	-	-	-	<u>2,228</u>
	<u>2,228</u>	-	-	-	<u>2,228</u>
2021					
Futures Fund (Designated)	219	218	(263)	(174)	-
Strathclyde House Trust	<u>2,228</u>	-	-	-	<u>2,228</u>
	<u>2,447</u>	<u>218</u>	<u>(263)</u>	<u>(174)</u>	<u>2,228</u>

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued)

For the year ended 31 March 2022

16. a) RESTRICTED FUNDS – PILGRIM HOMES

2022	Brought forward at 1 April 2021 £000	Income £000	Expenditure £000	Transfers £000	Carried forward at 31 March 2022 £000
Funds restricted by Pilgrim Homes articles:					
<i>General unrestricted funds</i>					
Pilgrim Homes Fund	411	8,175	(7,291)	(2)	1,293
<i>Pilgrim Homes Restricted Funds</i>					
St Albans	-	85	-	-	85
Homes Voluntary Support Funds (see note 16c)	59	27	(1)	2	87
Total restricted funds – Pilgrim Homes	470	8,287	(7,292)	-	1,465

16. b) RESTRICTED FUNDS – GENERAL

NYCC Grant	1	-	(1)	-	-
Faith in Later Life	-	10	-	-	10
Homes Voluntary Support Funds (see note 16c)	8	8	(1)	(1)	14
Local Homes Project Funds	15	-	-	-	15
Carey Gardens	65	-	-	-	65
Covid-19 LA Grants Fund	-	558	(558)	-	-
Dementia Fund	6	1	-	-	7
Total restricted funds - general	95	577	(560)	(1)	111

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued)

For the year ended 31 March 2022

16. c) RESTRICTED FUNDS – HOMES VOLUNTARY SUPPORT FUNDS

2022	Brought forward at 1 April 2021 £000	Income £000	Expenditure £000	Transfers £000	Carried forward at 31 March 2022 £000
Funds restricted by Pilgrim Homes articles					
Chippenham	3	-	-	-	3
Great Finborough	27	13	(1)	13	52
Evington	-	5	-	(2)	3
Tunbridge Wells	5	-	-	(1)	4
Wantage	3	7	-	(3)	7
Shottermill	20	2	-	(5)	17
Bedford	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
Total funds restricted by Pilgrim Homes articles	59	27	(1)	2	87
Other restricted funds					
Ernest Luff Care	1	-	-	-	1
Bethany Christian Home	3	-	-	(1)	2
Kirby Muxloe	-	5	-	-	5
Middlefields	-	3	(1)	-	2
Emmaus House	2	-	-	-	2
Florence House	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
Total Homes Voluntary Support Funds	<u>67</u>	<u>35</u>	<u>(2)</u>	<u>3</u>	<u>101</u>

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued)

For the year ended 31 March 2022

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

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 16c)	<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>

16. b) RESTRICTED FUNDS – GENERAL

NYCC Grant	1	-	-	-	1
Faith in Later Life	41	84	(125)	-	-
Homes Voluntary Support Funds (see note 16c)	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 2022

16. 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	-	<u>1</u>	-	-	<u>1</u>
<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	-	<u>2</u>	-	-	<u>2</u>
Total Homes Voluntary Support Funds	<u>73</u>	<u>40</u>	<u>(46)</u>	<u>-</u>	<u>67</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 2022

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.

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 2022

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 2022 were payable as set out below:

	2022 £000	2021 £000
Within one year	38	95
Within two to five years	<u>84</u>	<u>-</u>
	<u>122</u>	<u>95</u>

The operating lease charges for the year were:

	2022 £000	2021 £000
Land and buildings	88	85
Hire of plant and machinery	<u>85</u>	<u>101</u>
	<u>173</u>	<u>186</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 £49,000 due to the fund at the period end (2021: £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 £3,000 per annum. A few years ago, the trustees considered whether to accrue for this liability but, given the amounts payable, the age of those receiving a pension and the complexity of determining an appropriate reserve, no provision was made.

PILGRIMS' FRIEND SOCIETY

Notes to the financial statements (continued) **For the year ended 31 March 2022**

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 8 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.

21. POST BALANCE SHEET EVENTS

The charity acquired the trade and net assets of Koinonia care home and Melbourne Hall Home Trust from 1 April 2022. Melbourne Hall has closed as a care home and the property is now on the market. Koinonia is a care home in Worthing, which will be run by Pilgrim's Friend Society.