Pilgrims' Friend Society Group

England & Wales · Charity number 1134979

Details

Other names	APFS 1807, PILGRIMS' FRIEND SOCIETY, THE PILGRIMS FRIEND GROUP
Status	Registered
Legal form	Charitable company
Company number	07169875
Registered	2010-03-17
Register	View on the Charity Commission register

Contact

Address	Pilgrim Homes 175 Tower Bridge Road London SE1 2AL
Phone	03003031405
Email	info@pilgrimsfriend.org.uk
Website	www.pilgrimsfriend.org.uk

Activities

Objects: THE OBJECTS OF THE CHARITY ARE THE ADVANCEMENT OF THE CHRISTIAN FAITH AND THE RELIEF OF POVERTY, SICKNESS, DISABLEMENT, OLD AGE AND INFIRMITY FOR THE PUBLIC BENEFIT TO THE GLORY OF GOD.

Activities: The objects of the Pilgrims Friend Group are the advancement of the Christian Faith and the relief of poverty, sickness, disablement, old age and infirmity to the glory of God which it achieves as the corporate trustee of Pilgrim Homes (formerly Aged Pilgrims Friend Society) and Pilgrims Friend Society.

Classification

- **How:** Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information, Sponsors Or Undertakes Research, Acts As An Umbrella Or Resource Body
- **What:** Education/training, The Advancement Of Health Or Saving Of Lives, The Prevention Or Relief Of Poverty, Accommodation/housing, Religious Activities
- **Who:** Elderly/old People, People With Disabilities, Other Defined Groups, The General Public/mankind

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Geography

- **Area of benefit:** UNDEFINED. IN PRACTICE, NATIONAL
- Scotland
- Throughout England

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£26,884,000	£24,234,000	£57,602,000	703
2024-03-31	£29,771,000	£20,800,000	£54,955,000	629
2023-03-31	£25,288,000	£18,733,000	£45,866,000	571
2022-03-31	£15,854,000	£15,508,000	£39,325,000	501
2021-03-31	£15,048,000	£14,494,000	£39,251,000	478

Trustees

Name	Role	Appointed
Michael Raymond Abbott	Chair	2019-11-20
ALAN RICHARD COPEMAN		
ANDREW SYMONDS		
ANDREW WRIGHT		2025-05-31
DR JUDITH ANN MCLAREN		
Frances Barker		2025-07-17
Genefer Denise Espejo		2020-03-17
HERBERT MARK CURRAN		2022-07-21
JOHN EDWARDS		2012-02-02
James Stuart Henderson		2025-05-31
Leonie Ruth Lucas		2024-10-10
SHEILA WARNES		2019-05-22
Sylvia Marian Clovey		2022-07-21
Tilly Jessie Wood		2024-10-10

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Pilgrims' Friend Society Group

England & Wales - Charity number 1134979

Accounts

THE PILGRIMS FRIEND GROUP

Group Financial Statements
For the year ended 31 March 2025

COMPANY NUMBER 07169875
CHARITY NUMBER 1134979

Contents of the financial statements

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Trustees' report

The trustees present their report together with the financial statements of the group for the year ended 31 March 2025. The trustees' report incorporates the directors' report and the strategic report prepared for the purposes of company law. The statutory information is listed on page 33.

MESSAGE FROM THE CEO

There is a lot of detail in our numbers, but as in previous years this must not cloud the fact that in an immensely challenging environment, Praise God, we have again delivered very high quality and distinctive Christian Care and Support to people who want to live in a Christian community.

The headline numbers include around £750k of "one off costs" relating to the closure of the Homesdale care home releasing the site for redevelopment and the ongoing costs of our growth and renewal work. Stripping out these costs, our underlying financial performance has been strong.

I am immensely grateful to my colleagues who make this happen and who are an inspiration to me!

The success of Middlefields is a great encouragement to progress our Growth and Renewal Programme, as has been the quality of delivery though our other homes. We still have a lot of work to do to modernise our portfolio of buildings, but we are seeing our vision taking shape whereby we deliver our mission through care homes and housing that generate a financial surplus that we can re-invest in helping more people. Our charitable income plays a vital role in helping us look after people who cannot afford our fees and to reach out into the communities around our homes with help and support. Donations and in particular legacies are also vital to our Growth and Renewal programme.

Strong occupancy has been a hallmark of the year's performance, and we are probably helping more people live well in older age than at any other time in the charity's 218-year history. This is a strong vindication of the trustees' decision to welcome people into our homes who want to live in a Christian environment and to invest in the strength of our Christian care through The Way We Care and Activities and Community Engagement Facilitators for whom we have a Christian occupational requirement. The experience of Middlefields House is important here as we are supporting more people overall than we did in the Pilgrim Home it replaced, we are supporting more people who would have passed the admissions tests we had in place historically for Pilgrim Homes, and we have a richer and more vibrant sense of Christian fellowship as a result.

There is also no doubt in my mind that our vision for helping people who want to live in a Christian Community and our concern for older people in the communities around our homes have been important aspects of attracting Christians to our Senior Management team.

Last year the team we established to help other Christian charities foresee the need to be part of a larger group has allowed us to complete the work to take over the running of Bridgemead nursing home in Bath and subsequently to welcome Preston Bethany Care into the Group (transaction date 1 April 2025).

There have been many encouragements as we have progressed our work to enable the Christian faith to be advanced amongst older people though our work.

MISSION REVIEW

Our group charitable objects are to advance the Christian faith and meet the spiritual and physical needs of older people. This work is increasingly needed as the numbers of older people grow with a significant unmet need for Christian care and support and growing opportunities to share what we know about living well with older people in the communities around our homes.

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

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

Our values

We talk regularly about our values with all our stakeholders and know from our twice-yearly staff surveys that they are embedded in the way that we work.

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

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

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

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

Our work and culture

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

As part of The Way We Care we call those who live with us "family members" as we create communities which are rooted in the idea of being a special kind of family together. As each new "family member" comes to live with us their preferences and personal history is gathered and informs all aspects of their care. It also impacts the kind of activities that are delivered in the home so that each person feels comfortable and welcome.

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

We also employ The Way We Care Leads who have responsibility for embedding this approach throughout each home, helping carers to take person-centre approach, rather than a task-centred approach, to the delivery of care.

Our Activities and Community Engagement (ACE) Programme has developed well, and we have been able to welcome more volunteers into our homes and make more connections with the communities around our homes. This has meant that visits from schools, churches, and other groups such as choirs are a regular function of life in our homes and that relationships with churches and others in the communities around our homes are stronger. Each volunteer that we train is better equipped to work well with older people in their churches and neighbourhoods.

The quality of our care remained high during the year with all CQG and Local Authority reviews completed finding good or better care, and our own internal monitoring and carehome.co.uk reviews saying the same. Two of the homes that joined the Group with "Requires Improvement" assessments from CQC still have that rating but they have benefitted from our systems and training, and we would expect better assessments as and when CQC visit.

Our staff

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

We have continued to invest heavily in training, particularly in our care staff. The Way We Care is embedded in our care homes through specialists known as The Way We Care Leads. Our Activity and Community Engagement Facilitators have been trained and equipped to start sharing some of what we know about living well with older people with churches and others in

the communities around our homes. During the year we developed The Way We Care by emphasizing that its delivery requires ancillary staff in living well with our family members (in what is called a "whole home approach"), and we have more closely aligned the work of our Activity and Community Engagement Facilitators with our The Way We Care Leads. We have held the first of our "family matters" groups to extend our scope to include more intentionally the relatives of people living with us and planning is well under way for "community cafes" where we open our facilities to people who care in the community.

We listen to our colleagues through six monthly staff surveys and follow up staff forums. We are pleased that our colleagues remain highly committed to their work and very engaged with the charity seeing us as an employer that helps them give of their best. Our staff vacancies rates have reduced significantly over the year, and most of our operations are effectively fully staffed. This has been helped by recruits from overseas, all of whom have been referred to us by existing colleagues or others that we know. We have not used agencies to recruit and so we can be sure that our recruitment and employment of these colleagues has been to the highest ethical standards.

We have continued to invest in our leaders through our annual Senior Management Team conference and a leadership development programme for those who lead teams. We encourage our managers to take spiritual development days to strengthen their capacity to support the spiritual life of their homes and housing and we now have a sabbatical programme intended to provide a measure of refreshment and renewal to long serving management colleagues.

Growing for the future

We sense a calling to see our unique model of Christian care more widely available around the UK and this vision is encapsulated in what we call our Growth and Renewal Programme.

The Way We Care is at its most powerful when the building we have is designed to support its delivery as is the case at Middlefields House in Chippenham. We have been delighted to see how this building, opened in 2021, with four family sized households of twelve people has led to fulfilled living of the highest order. The home has also exceeded our financial business case assumptions and is producing a surplus that allows us to invest the quality of what we do in Chippenham and elsewhere.

During the year we have made multiple approaches for sites close to some of our older buildings seeking to replicate the success of the renewal that we managed in Chippenham. In Worthing and in Harrogate we have been making approaches to purchase existing homes that are newer and have a strong longer-term potential as this is the quickest route to better buildings to which we would hope to move our people.

In the year we have also seen growth as we have welcomed into the Group the transfer of a nursing home in Bath (Bridgemead) and on 1 April 2025 Preston Bethany Care Limited joined the group (Bethany House care home). We were pleased to be able to make a start on improving the flood defences for Bridgemead from the River Avon, and from 1 April we will be negotiating with Preston City Council seeking to transfer the leases for Bethany House to PFS so that we can close the Preston Bethany Care charity.

In terms of new buildings, we have submitted for planning a scheme for a new care home on the site of the Homesdale care home (Wanstead, London) that we had to close in the year. We are in discussions regarding the purchase of a new site in the South Coast area that we hope will strengthen our representation in that area, and we shared with Bedford churches and the residents of Dorothea Court our desire to find a site for a new care home and housing provision in the area.

We have also written to other Christian care homes that are not part of a larger group seeking to provide encouragement, particularly at trustee level. We remain open to the gifting of assets and operations to the Group where we can enhance governance, operational performance and sustain the ongoing delivery of Christian care.

We have continued to support Faith in Later Life, a charity that we incubated, and it has continued to grow now encouraging, equipping, and inspiring over 1050 volunteers working in churches with older people, known as Church Champions. In communities where we do not have care homes and housing then we want to see active Faith in Later Life Church Champions pursuing our charitable objects.

"Christians in Care," our initiative that supports Christians working in secular care settings has grown well. We are pleased to be helping almost 200 carers to keep going as we encourage them in their work to advance the Christian faith amongst older people.

Raising our profile

Our engagement with press, both local and national, has continued with significant media coverage showcasing the value of older people and what it is like to live with us. The Sunday service broadcast from Middlefields House on Radio 4 was particularly successful in both these regards.

Our magazine, newsletters and prayer letters continue to be regarded highly, and the numbers of subscribers are increasing.

We launched "Empowering Communities to Care" at events in the summer and autumn alongside other leading charities and we have been encouraged by the level of support that our recommendations have attracted for a grassroots, church and community led strand in the drive to join up the provision of care and support for older people. We will continue to represent these ideas to Baroness Casey's review of adult social care.

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

Funding challenges

Local Authority funding has not kept pace with the increases in care costs driven by factors such as employer national insurance increases (from April 25), increased living wages and significant cost inflation. This means that the difference between Local Authority and private pay rates has grown dramatically over recent years and erodes our financial surplus. As we are not prepared to reduce the quality of our delivery it is hard to see us being able to carry on admitting people with no constraints on the proportion of people funded by local authorities without top-ups.

We continue to receive generous charitable contributions, particularly in the form of legacies, that we plan to invest in new provision for older people.

FINANCIAL REVIEW

During the year ended 31st of March 2025 the group made a net surplus of **£2,647,000**.

This is after the exceptional surplus arising from the bringing of Bridge Care Limited into the Pilgrims Friend Group.

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 **£3,614,000.**

These headline numbers are important as they reflect the total income for the group and the total costs, but as they include the exceptional income and the costs that relate to our planned acquisition of other homes and housing, they don't reflect the financial performance of what night be called the underlying work of the group to deliver care and support to older people through our homes and housing and in the community.

Our homes and housing schemes benefitted from good cost control and strong occupancy as we recovered from post pandemic lows and were in surplus overall. Only Homesdale care home which lost **£316,000** in the fiscal year was in in significant deficit owing to low occupancy and unsustainable costs. This home was closed in December 2024.

These surpluses were not, however, sufficient to cover the costs of acquiring new homes; looking for new sites on which to build new homes; the costs of our work in the communities around our homes; and the costs of welcoming everyone into our homes even if local authority fees are less than our costs of caring. That is why we need and value legacies and donations that amounted to **£309,000** in the year.

The financial results emphasise the need to make progress with our growth and renewal programme to invest in new buildings that will support care and housing work that will be more financially sustainable, similar to our home in Chippenham that was opened in 2021 and replaced an older building that was struggling financially. The cash that we had in our balance sheet at the year end, and more, will be needed to help us make that transition and that is another reason donations and legacies matter to us.

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, Homesdale (Woodford Baptist Homes) Limited, Bridge Care Limited 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 the Members of the Board of Trustees of The Pilgrims Friend Group are also on the board of one or more of the Group's subsidiary entities. The trustees of the Pilgrims Friend Group are distributed so that we have the capacity to manage conflicts of interest while transacting business between charities.

Responsibility for the day-to-day operations of the charity is delegated to the Chief Executive and Senior Management Team of Pilgrims' Friend Society which has been the main operating charity for the group. The pay of Key Management Personnel is reviewed annually and normally increases in accordance with average earnings bearing in mind charities of comparable size and activity.

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

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

Pilgrims' Friend Society operates all our homes and schemes in the group Homesdale (Woodford Baptist Homes) Limited, Bridge Care Limited and Strathclyde House Trust apart, in the same way to ensure the same quality of Christian care and to give us economies of scale in our operations. Homesdale (Woodford Baptist Homes) Limited, Bridge Care Limited and Strathclyde House Trust remain as distinct legal entities but follow policies and procedures derived from those in place within Pilgrims' Friend Society.

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

During the year we brought Bridge Care Limited, a charity, into the group through a "Grouping Agreement" that also involved their committee members standing down in favour of people drawn from the Pilgrim Friends Group Board.

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 because 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.

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, Homesdale (Woodford Baptist Homes) Limited and Bridge Care Limited (all of which TPFG is the sole member) and Strathclyde House Trust (of which PFS 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, Homesdale (Woodford Baptist Homes) Limited, Bridge Care Limited and Strathclyde House 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 an occupational requirement for some posts to be filled by Protestant Christians, who agree with our doctrinal basis, to maintain our founding Christian ethos. These issues are dealt with fully under the charity's Equal Opportunities policies.

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

We are in regular communication with our staff colleagues on all matters relating to their terms and conditions of employment. We survey our staff colleagues twice a year followed up by forums open to all.

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

Volunteers

Our volunteers are avital 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 450 (was 425 last year).

Future developments

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

Related parties

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

1. Key Management Personnel of Pilgrims' Friend Society
2. The following charities:
    a. Pilgrim Homes (charity no. 242266)
    b. Pilgrims' Friend Society (charity no. 1045920, company no. 3027071)
    c. Pilgrim Homes Trust (charity no. 1183226, company no. 11685624)
    d. Strathclyde House Trust (charity no. SC025550, company no. SC169848)
    e. Bridge Care Limited (charity no. 299400, company no. 02001246)
3. Homesdale (Woodford Baptist Homes) Limited – Cooperative & Community Benefit Society No 13406R
4. PFG Trading Limited - a limited company
5. Aged Pilgrims' Friend Society Trust Limited - a limited company which holds title to the properties owned by Pilgrim Homes Trust.

Investment policy

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

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

Principal sources of funding

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

Accommodation charges policy

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

Fundraising

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

Risks and regulations

The charity maintains a comprehensive register of risks which is reviewed by the Key Management Personnel at their monthly meetings and by trustees at every trustee meeting. The key developments in the year that we have responded to have been: state funding risks as central government policies have mandated cost increases that local authorities do not have the budget to afford; cyber risks have increased as technology becomes ever more central to our operations; challenges to staffing as access to overseas colleagues has been constrained; increased fire-safety actions as some of the lessons learned from Grenfell have rippled out across the sector. The risks reviewed on our risk register with the highest ratings are in the following table.

Risk	Commentary & Actions to Mitigate
Growth & Renewal programme at risk because of increasing costs and delays finding sites or capacity issues	Enhanced governance and oversight arrangements etsablished for the programme.
Financial drain on Society if cashflow from homes and schemes unable to finance necessary support costs	Budget process and monitoring - 25/26 budget is for a surplus
Ageing of properties to point where costs to maintain are prohibitive	The Growth & Renewal Programme. Proactive management of emerging problems.
Cost inflation (inc taxes such as NI) not matched by fees	Monthly scrutiny of financial performance.
Adult Social Care policy change reduces income and/or drives up cost	Engagement with NCF to add weight to lobbying. Mitigation is to admit fewer local authority funded family members.
PFS unable to retain staff	We are better than sector average but this is a major cost. Vacancy rates are low but turnover still high. We have a programme of staff engagament to reduce churn.
PFS unable to recruit Christian home and housing managers	Use of agencies to find and recruit as well as proactive advertising.
Tightening labour market increases agency staff costs and dependency on agency staff	This is a sector wide challenge that has been mitigated by proactive recruitment from the overseas pool and proactive HR management.
Cyber-attack (including ransomware) impeding operations, and/or causing loss of data	Ransomware attacks are more prevalent. Mitigation is under advice from Sharp IT Services, Adapta Consulting and new Head of IT. Training on cyber security is undertaken and we actively moving towards Cyber Essentials certification (one site is accedited). Taken together these measures reduce both the likelihood of an attack and the recovery time.
Failure to govern group charities as separate legal entities	Annual governance review. Risk increased as we have increases complexity with recent acquisitions

Reserves

The Charity holds funds of £57,602,000 at the year end. Restricted funds account for £33,922,000 of this, although the majority of these reserves (£5,705,000) are part of the Pilgrim Homes restricted fund that can be used to fund operational costs of a proportion of the operating entities (the Pilgrim Homes). Of the unrestricted funds, £15,583,000 could only be realised by disposing of tangible fixed assets or programme related investments. This means that the free 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 £8,097,000 against a target of £1,000,000. Including the Pilgrim Homes restricted fund to this gives total accessible reserves of £13,802,000.

Trustee recruitment and training

Trustees are appointed at a board meeting following a nomination process. Candidates must meet a 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 introduce the affairs of the charity, key operational methods, and the current strategic plan. Trustee performance is subject to an annual review by the Chair and a collective self-appraisal is also undertaken.

Section 172 statement

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

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

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

the community and environment is considered when planning new sites.

Streamlined Energy & Carbon Reporting

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of The Pilgrims Friend Group for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the directors' report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable group and of the income and expenditure of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF DISCLOSURE TO AUDITOR

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

AUDITORS

Xeinadin Audit Limited 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:

J Edwards
Trustee

Date: 17 July 2025

Consolidated statement of financial activities

(incorporating the income and expenditure account)

For the year ended 31 March 2025

	Note	2025 Unrestricted Funds £000	2025 Restricted Funds £000	2025 Total £000	2024 Unrestricted Funds £000	2024 Restricted Funds £000	2024 Total £000
Income from:							
Donations and legacies	2	**3,364**	**237**	**3,601**	9,654	387	10,041
Investments	3	**406**	**50**	**456**	126	41	167
Charitable activities	4	**8,899**	**13,918**	**22,817**	9,846	9,592	19,438
Other income	5	**10**	**-**	**10**	125	-	125
Total income		**12,679**	**14,205**	**26,884**	19,751	10,020	29,771
Expenditure on:							
Raising funds	6	**42**	**3**	**45**	33	8	41
Charitable activities	7	**11,116**	**13,073**	**24,189**	11,622	9,137	20,759
Total expenditure		**11,158**	**13,076**	**24,234**	11,655	9,145	20,800
Net gains/(losses) on investments		**1**	**(4)**	**(3)**	118	-	118
Net income/(expenditure)		**1,522**	**1,125**	**2,647**	8,214	875	9,089
Transfers between funds		**(17)**	**17**	**-**	1	(1)	-
Net movement in funds		**1,505**	**1,142**	**2,647**	8,215	874	9,089
Reconciliation of funds							
Total funds brought forward		**22,175**	**32,780**	**54,955**	13,960	31,906	45,866
Total funds carried forward		**23,680**	**33,922**	**57,602**	22,175	32,780	54,955

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

The notes on pages 14 to 32 form part of these financial statements.

Consolidated balance sheet
As at 31 March 2025

	Note	2025 £000	2025 £000	2024 £000	2024 £000
Fixed assets					
Tangible assets	10		42,214		40,489
Investments	11		862		2,835
			43,076		43,324
Current assets					
Stock	13	1,527		713	
Debtors and prepayments	14	1,433		4,991	
Cash at bank and in hand		13,763		7,936	
		16,723		13,640	
Creditors: Amounts falling due within one year	15	(2,197)		(2,009)	
Net current assets			14,526		11,631
Total assets less current liabilities			57,602		54,955
Net assets			57,602		54,955
Funds:	16				
Unrestricted funds	16,17		23,680		22,175
Restricted funds (including revaluation reserve of £0.528m (2024: £0.528m))	18		33,922		32,780
Total Funds			57,602		54,955

The financial statements were approved by the Trustees on 17 July 2025 and signed on their behalf by:

J Edwards
Trustee

Company Registration No: 07169875

The notes on pages 14 to 32 form part of these financial statements.

Company balance sheet
As at 31 March 2025

	Note	2025 £000	2025 £000	2024 £000	2024 £000
Fixed assets					
Investments	12		10,464		7,651
Total assets less current liabilities			10,464		7,651
Funds:					
Unrestricted funds			10,464		7,651
Restricted funds			-		-
Total Funds			10,464		7,651

The company's net income for the year was £2,813,000 (2024: £7,608,000).

The financial statements were approved by the Trustees on 17 July 2025 and signed on its behalf by:

J Edwards
Trustee

Company Registration No: 07169875

The notes on pages 14 to 32 form part of these financial statements.

Consolidated statement of cash flows
For the year ended 31 March 2025

	2025 £000	2024 £000
Cash flows from operating activities		
Trading and donations		
Net income	**2,647**	9,089
Depreciation	**1,171**	834
Gift of Cumbria Emmaus net assets excluding cash	**-**	(1,103)
Gift of Homesdale net assets excluding cash	**-**	(6,208)
Gift of Bridge Care net assets excluding cash	**(2,595)**	-
Decrease in legacy debtors	**2,475**	2,003
Investment income included in investing activities	**(456)**	(167)
Loss/(gain) on disposal of fixed assets	**160**	26
Adjustments to fixed assets	**(69)**	71
Movement in fair value of investments	**3**	(121)
Net cash provided by trading and donations	**3,336**	4,424
Working capital movements		
(Increase)/decrease in housing stocks	**(814)**	843
Transfers from stock to tangible fixed assets	**(118)**	(1,226)
Decrease/(increase) in debtors excluding legacies	**1,083**	(41)
Increase in creditors	**188**	293
Net cash provided by/(used in) working capital movements	**339**	(131)
Net cash provided by operating activities	**3,675**	4,293
Cash flows from investing and financing activities		
Tangible fixed assets		
Payments on additions of tangible fixed assets	**(997)**	(1,336)
Proceeds on disposal of tangible fixed assets	**32**	512
Net cash (used in) tangible fixed assets	**(965)**	(824)
Fixed asset investments		
Investment income received	**456**	167
Payments on additions of fixed asset investments	**-**	(508)
Proceeds on disposal of fixed asset investments	**2,661**	9
Net cash provided by/(used in) fixed asset investments	**3,117**	(332)
Net cash provided by/(used in) investing and financing activities	**2,152**	(1,156)
Net cash inflow	**5,827**	3,137
Cash and cash equivalents at 1 April 2024	**7,936**	4,799
Cash and cash equivalents at 31 March 2025	**13,763**	7,936

1. ACCOUNTING POLICIES

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

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

1a. Basis of accounting

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

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

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

1b. Consolidation

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

Name	*Activities*
The Pilgrims Friend Group	Parent charity with no income or expenditure of its own and just group investment assets
Pilgrims' Friend Society	Operation of care homes and sheltered accommodation
Pilgrim Homes (formerly Aged Pilgrims' Friend Society)	Operation of care homes and sheltered accommodation
Pilgrim Homes Trust	Operation of care homes and sheltered accommodation
Strathclyde House Trust	Operation of sheltered accommodation
PFG Trading Limited	Trading activities connected with the group
Homesdale (Woodford Baptist Homes) Ltd	Operation of care homes and sheltered accommodation
Bridge Care Limited	Operation of care home

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

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

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

1c. Going concern

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

1. ACCOUNTING POLICIES (continued)

1d. Tangible fixed assets

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

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

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

1e. Investments

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

1f. Income

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

1g. Grants

Grant income is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.

1h. Expenditure

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

1i. Governance costs

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

1. ACCOUNTING POLICIES (continued)

1j. Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustee for particular purposes. The aim and use of each designated fund are set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors. The aim and use of each restricted fund are set out in note 20 to the financial statements.

1k. Leases

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

1l. Pensions

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

1m. Stocks

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

1n. Debtors

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

1o. Cash and cash equivalents

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of opening of the deposit. Cash equivalents on deposit includes cash on deposit with a maturity of over three months.

1p. Creditors and provisions

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

1q. Financial instruments

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

2. DONATIONS AND LEGACIES

	Unrestricted Funds £000	Restricted Funds £000	Total 2025 £000	Total 2024 £000
Donations	342	127	469	474
Net assets gifted by Cumbria Emmaus	10	-	10	1,500
Net assets gifted by Homesdale	-	-	-	7,608
Net assets gifted by Bridge Care	2,706	107	2,813	-
Legacies	306	3	309	459
	3,364	237	3,601	10,041

3. INCOME FROM INVESTMENTS

	Unrestricted Funds £000	Restricted Funds £000	Total 2025 £000	Total 2024 £000
Bank interest	406	6	412	127
Rental of investment properties	-	44	44	35
Other interest	-	-	-	5
	406	50	456	167

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £000	Restricted Funds £000	Total 2025 £000	Total 2024 £000
Care fees	8,308	12,821	21,129	17,662
Housing income	342	817	1,159	1,079
Extra Care Housing lease sales	249	280	529	697
	8,899	13,918	22,817	19,438

5. INCOME FROM OTHER SOURCES

	Unrestricted Funds £000	Restricted Funds £000	Total 2025 £000	Total 2024 £000
Gain on disposal of tangible fixed assets	10	-	10	125

6. EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds £000	Restricted Funds £000	Total 2025 £000	Total 2024 £000
Publicity and deputation	42	3	45	41

7. EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted Funds £000	Restricted Funds £000	Total 2025 £000	Total 2024 £000
Housing	123	610	733	1,001
Care	9,112	9,495	18,607	17,340
Cost of Extra Care leases sold	251	280	531	683
Education and training	88	-	88	305
Raising awareness	90	-	90	144
General support costs	954	2,028	2,982	426
	10,618	12,413	23,031	19,899
Depreciation	511	660	1,171	834
Loss on disposal	(13)	-	(13)	26
	11,116	13,073	24,189	20,759

7. EXPENDITURE ON CHARITABLE ACTIVITIES (continued)

Analysis by activity:	Housing £000	Care £000	Extra Care Leases £000	Education & training £000	Raising awareness £000	General support £000	Total 2025 £000	Total 2024 £000
Salaries and wages	**185**	**14,193**	**-**	**-**	**-**	**1,918**	**16,296**	13,682
Food	**117**	**795**	**-**	**-**	**-**	**-**	**912**	856
Administrative expenses	**33**	**682**	**-**	**-**	**-**	**587**	**1,302**	1,145
Repairs and maintenance	**259**	**1,412**	**-**	**-**	**-**	**-**	**1,671**	1,235
Heat and light	**60**	**595**	**-**	**-**	**-**	**-**	**655**	630
Other expenses	**79**	**869**	**-**	**88**	**90**	**89**	**1,215**	1,138
Cost of Extra Care leases sold	**-**	**-**	**531**	**-**	**-**	**-**	**531**	683
Professional fees	**-**	**46**	**-**	**-**	**-**	**352**	**398**	533
Governance costs: audit fees	**-**	**15**	**-**	**-**	**-**	**36**	**51**	33
Allocated administrative costs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(36)
	733	**18,607**	**531**	**88**	**90**	**2,982**	**23,031**	19,899
Buildings depreciation	**198**	**589**	**-**	**-**	**-**	**-**	**787**	612
(Gain)/loss on disposal	**-**	**7**	**-**	**-**	**-**	**(20)**	**(13)**	26
General depreciation	**76**	**291**	**-**	**-**	**-**	**17**	**384**	222
	1,007	**19,494**	**531**	**88**	**90**	**2,979**	**24,189**	20,759

During the year the auditors were paid £12,000, including irrecoverable VAT, for non-audit services (2024: £20,000).

8. STAFF COSTS

	2025 £000	2024 £000
Wages and salaries	**14,264**	11,564
Social security costs	**1,257**	883
Pension costs	**507**	387
Agency staff costs	**268**	848
	16,296	13,682

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

	No.	No.
Homes	**664**	588
Head Office	**39**	41
	703	629

The average number of staff employed at the end of the year on a full-time equivalent basis was:

	No.	No.
Homes	**469**	464
Head Office	**42**	40
	511	504

The emoluments of ten employees exceeded £60,000 in the year ended 31 March 2025 (2024: 10). Five of those employees earned between £60,000 and £70,000, three earned between £70,000 and £80,000 and two earned between £90,000 and £100,000 (2024: Four of those employees earned between £60,000 and £70,000, three earned between £70,000 and £80,000, one earned between £80,000 and £90,000, one earned between £90,000 and £100,000 and one earned between £110,000 and £120,000 including redundancy pay).

Remuneration of £nil (2024: £1,574) was paid to one trustee, Mr Martyn Hallett during the year for employment as pastoral co-ordinator on a part time basis. Mr Hallett started this paid role on 1 March 2020, before he was appointed as a trustee in October 2022. Continued employment is in accordance with Clause 4 of the Articles of Association of the Charity and consent given by the Charity Commission. No remuneration was paid to any other trustee during the year. Travel expenses of £875 (2024: £343) were reimbursed to 3 trustees (2024: 3 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 £502,101 (2024: £532,785).

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 £nil (2024: £48,293).

9. NET INCOME

	2025 £000	2024 £000
This is stated after charging:		
Depreciation	**1,171**	834
Net (gain) on disposal of tangible fixed assets	**(13)**	(99)
Auditors' remuneration for audit services	**36**	33
Auditors' remuneration for other services	**12**	20

10. TANGIBLE FIXED ASSETS

	Freehold and leasehold properties £000	Furniture, fittings and equipment £000	Motor Vehicles £000	Total £000
Cost				
As at 1 April 2024	**50,485**	**3,492**	**250**	**54,227**
Additions	**808**	**175**	**83**	**1,066**
Gift from Bridge Care	**3,167**	**208**	**-**	**3,375**
Disposals	**(2,626)**	**(932)**	**(44)**	**(3,602)**
Transfer from stock	**118**	**-**	**-**	**118**
As at 31 March 2025	**51,952**	**2,943**	**289**	**55,184**
Depreciation				
As at 1 April 2024	**11,131**	**2,480**	**127**	**13,738**
Charge for the year	**948**	**166**	**57**	**1,171**
Gift from Bridge Care	**1,267**	**204**	**-**	**1,471**
Released on disposals	**(2,447)**	**(925)**	**(38)**	**(3,410)**
As at 31 March 2025	**10,899**	**1,925**	**146**	**12,970**
Net book value				
As at 31 March 2025	**41,053**	**1,018**	**143**	**42,214**
As at 31 March 2024	39,354	1,012	123	40,489

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

	2025 £000	2024 £000
Pilgrims' Friend Society		
Freehold property:		
Ernest Luff Care Home, Walton-on-the-Naze	**2,167**	2,419
Ernest Luff House, Walton-on-the-Naze	**1,607**	1,590
Emmaus Care Home, Harrogate	**1,253**	1,162
Permanent landscape, Ernest Luff Care Home	**-**	34
Koinonia Christian Care, Worthing	**2,036**	2,033
Emmaus House, Whitehaven, Cumbria	**1,266**	1,284
Carey Gardens, Kirby Muxloe	**1,296**	1,278
	9,625	9,800
Strathclyde House Trust		
Freehold property:		
Strathclyde House, Skelmorlie	**2,870**	2,552
Carried forward	**12,495**	12,352

10. TANGIBLE FIXED ASSETS (continued)

	2025	2024
	£000	£000
Pilgrim Homes Trust		
Freehold property:		
Dorothea Court, Bedford	**4,209**	4,443
Middlefields House Chippenham	**7,366**	7,281
Great Finborough	**4,076**	4,679
Evington Home, Leicester	**2,145**	2,348
Shottermill Home, Haslemere	**1,487**	1,719
Milward Home, Tunbridge Wells	**1,276**	1,408
Wantage Home	**1,287**	1,814
Royd Court, Mirfield	**4,024**	3,867
Pilgrim Gardens, Evington, Leicester	**3,067**	3,082
Brighton Home (at deemed cost)	**527**	675
	29,464	31,316
Bridge Care Ltd		
Freehold property:		
Bridgemead, Bath	**3,181**	-
Homesdale (Woodford Baptist Homes) Ltd		
Freehold property:		
Homesdale Housing and Care Home, New Wanstead	**6,812**	6,817
Brought forward from previous page	**12,495**	12,352
Total properties	**51,952**	50,485

11. INVESTMENTS - GROUP

	Listed Investments	Investment properties	Total
	£000	£000	£000
Valuation			
As at 1 April 2024	**1,973**	**862**	**2,835**
Additions	**691**	**-**	**691**
Disposals	**(2,648)**	**-**	**(2,648)**
Revaluation	**(16)**	**-**	**(16)**
As at 31 March 2025	**-**	**862**	**862**
Held by			
General Funds	-	-	-
Restricted funds	-	862	862
	-	862	862
Historic cost			
As at 31 March 2025	-	338	338

11. INVESTMENTS - GROUP (continued)

Investment properties comprise the following:

	2025 £000	2024 £000
At market value:		
House on Pilgrims' Way, Great Finborough	**275**	275
60 Royd Court, Mirfield	**207**	207
Redbourn Land	**5**	5
House on Liphook Road, Haslemere	**375**	375
	862	862

The investment properties were revalued at the open market value as at 31 March 2024. A review of the market was undertaken and concluded that the values as at 31 March 2025 had not materially changed. Therefore no movements have been recognised in the year.

12. INVESTMENTS - COMPANY ONLY

	2025 £000	2024 £000
Investment in PFG Trading Ltd	**43**	43
Investment in Homesdale (Woodford Baptist Homes) Ltd	**7,608**	7,608
Investment in Bridge Care Ltd	**2,813**	-
	10,464	7,651

13. STOCK

	2025 £000	2024 £000
Stock of flats held for resale (see below)	**1,343**	691
Preliminary costs of new building	**184**	22
	1,527	713

	Strathclyde House		*Royd Court*		*Pilgrim Gardens*		
	Number No	Cost £000	Number No	Cost £000	Number No	Cost £000	Total £000
As at 1 April 2024	**5**	**556**	**1**	**135**	**-**	**-**	**691**
Sold	**(3)**	**(251)**	**(2)**	**(280)**	**-**	**-**	**(531)**
Transferred to fixed assets	**-**	**-**	**(1)**	**(118)**	**-**	**-**	**(118)**
Bought back	**3**	**316**	**6**	**810**	**1**	**175**	**1,301**
As at 31 March 2025	**5**	**621**	**4**	**547**	**1**	**175**	**1,343**

Contingent liabilities on housing stock

Under the terms of the sale of properties at Strathclyde House, the Strathclyde House Trust has the right of first refusal when freehold flats are offered for sale and it is the practice of the charity to exercise that right to maintain the ethos and atmosphere on the site. The total potential value of the flats not held by the charity at 31 March 2025 is £2.7 million.

Under the terms of the sale of leases at Royd Court, Pilgrim Homes Trust is committed to repurchase leases should leaseholders cease to be residents. The total potential value of the flats not held in stock at 31 March 2025 is £3.7 million.

Under the terms of the sale of leases at Pilgrim Gardens, Pilgrim Homes Trust is committed to repurchase leases should leaseholders cease to be residents. The total potential value of the flats not held in stock at 31 March 2025 is £1.1 million.

14. DEBTORS AND PREPAYMENTS

	2025	2024
	£000	£000
Arrears of local authority and residents' contribution	342	229
Amounts owed from Pilgrim Gardens service charge	56	56
Amounts owed from Royd Court service charge	29	251
Amounts owed from Strathclyde service charge	106	70
Other debtors and prepayments	900	4,385
	1,433	4,991

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

	2025	2024
	£000	£000
Residents' contributions in advance	-	25
Short terms loans	85	115
Trade creditors	546	315
Taxation and social security	243	195
Other creditors and accruals	1,323	1,359
	2,197	2,009

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Funds	Restricted Funds	Total Funds
	£000	£000	£000
2025			
Fixed assets			
Tangible	18,080	24,134	42,214
Investments	-	862	862
Current assets	7,797	8,926	16,723
Current liabilities	(2,197)	-	(2,197)
Total Net Assets	23,680	33,922	57,602
2024			
Fixed assets			
Tangible	17,517	22,972	40,489
Investments	1,973	862	2,835
Current assets	4,694	8,946	13,640
Current liabilities	(2,009)	-	(2,009)
Total Net Assets	22,175	32,780	54,955

17. DESIGNATED FUNDS

	Brought forward at 1 April 2024	Income	Expenditure	Net assets gifted/ revaluations & transfers	Carried forward at 31 March 2025
	£000	£000	£000	£000	£000
2025					
Strathclyde House Trust	-	-	-	-	-
	-	-	-	-	-
2024					
Strathclyde House Trust	1,744	456	(521)	(1,679)	-
	1,744	456	(521)	(1,679)	-

18. a) RESTRICTED FUNDS – PILGRIM HOMES

2025	Brought forward at 1 April 2024 £000	Income £000	Expenditure £000	Revaluations and transfers £000	Carried forward at 31 March 2025 £000
Funds restricted by Pilgrim Homes articles:					
General unrestricted funds					
Pilgrim Homes Fund	4,625	14,001	(13,068)	147	5,705
Designated Funds					
Operational Assets Equity Fund	24,526	-	-	(104)	24,422
Operational Risk Reserve	1,030	-	-	-	1,030
Property Emergency Repair Fund	50	-	-	-	50
Total designated funds restricted by Pilgrim Homes articles	25,606	-	-	(104)	25,502
Pilgrim Homes Restricted Funds					
St Albans Home	526	-	-	-	526
Lucy McNeil Home	1,849	-	-	-	1,849
Homes Voluntary Support Funds (see note 18c)	51	27	-	(28)	50
Total restricted funds restricted by Pilgrim Homes articles	2,426	27	-	(28)	2,425
Total restricted funds – Pilgrim Homes	32,657	14,028	(13,068)	15	33,632

18. b) RESTRICTED FUNDS – GENERAL

Homes Voluntary Support Funds (see note 18c)	93	32	(8)	13	130
Local Homes Project Funds	21	9	-	(7)	23
Dementia Fund	9	1	-	(8)	2
Ray King Memorial Fund	-	18	-	-	18
Projects Fund	-	4	-	-	4
Flood Resilience Project Fund	-	113	-	-	113
Total restricted funds - general	123	177	(8)	(2)	290
Total restricted funds	32,780	14,205	(13,076)	13	33,922

18. c) RESTRICTED FUNDS – HOMES VOLUNTARY SUPPORT FUNDS

	Brought forward at 1 April 2024 £000	Income £000	Expenditure £000	Revaluations and transfers £000	Carried forward at 31 March 2025 £000
2025					
Funds restricted by Pilgrim Homes articles:					
Great Finborough	-	4	-	-	4
Evington	6	10	-	(3)	13
Tunbridge Wells	17	3	-	(4)	16
Wantage	15	3	-	(16)	2
Shottermill	13	6	-	(5)	14
Bedford	-	1	-	-	1
	51	27	-	(28)	50
Other restricted funds					
Ernest Luff Care	-	1	-	-	1
Emmaus House	6	-	-	-	6
Koinonia	-	2	-	(1)	1
Kirby Muxloe	79	24	(8)	17	112
Middefields	8	5	-	(3)	10
Total Homes Voluntary Support Funds	144	59	(8)	(15)	180

19. a) RESTRICTED FUNDS – PILGRIM HOMES (comparatives)

2024	Brought forward at 1 April 2023 £000	Income £000	Expenditure £000	Revaluations and transfers £000	Carried forward at 31 March 2024 £000
Funds restricted by Pilgrim Homes articles:					
General unrestricted funds					
Pilgrim Homes Fund	5,000	9,925	(9,069)	(1,231)	4,625
Designated Funds					
Operational Assets Equity Fund	23,274	-	-	1,252	24,526
Operational Risk Reserve	1,030	-	-	-	1,030
Property Emergency Repair Fund	50	-	-	-	50
Total designated funds restricted by Pilgrim Homes articles	24,354	-	-	1,252	25,606
Pilgrim Homes Restricted Funds					
St Albans Home	526	-	-	-	526
Lucy McNeil Home	1,849	-	-	-	1,849
Homes Voluntary Support Funds (see note 19c)	59	39	(26)	(21)	51
Total restricted funds restricted by Pilgrim Homes articles	2,434	39	(26)	(21)	2,426
Total restricted funds – Pilgrim Homes	31,788	9,964	(9,095)	-	32,657

19. b) RESTRICTED FUNDS – GENERAL (comparatives)

Faith in Later Life	-	40	(40)	-	-
Homes Voluntary Support Funds (see note 19c)	89	5	-	(1)	93
Local Homes Project Funds	21	10	(10)	-	21
Dementia Fund	8	1	-	-	9
Total restricted funds - general	118	56	(50)	(1)	123
Total restricted funds	31,906	10,020	(9,145)	(1)	32,780

19. c) RESTRICTED FUNDS – HOMES VOLUNTARY SUPPORT FUNDS (comparatives)

	Brought forward at 1 April 2023 £000	Income £000	Expenditure £000	Revaluations and transfers £000	Carried forward at 31 March 2024 £000
2024					
Funds restricted by Pilgrim Homes articles:					
Great Finborough	-	2	(1)	(1)	-
Evington	-	15	(2)	(7)	6
Tunbridge Wells	18	2	-	(3)	17
Wantage	23	16	(23)	(1)	15
Shottermill	17	4	-	(8)	13
Bedford	1	-	-	(1)	-
	59	39	(26)	(21)	51
Other restricted funds					
Emmaus House	5	1	-	-	6
Koinonia	-	1	-	(1)	-
Kirby Muxloe	79	-	-	-	79
Middefields	5	3	-	-	8
Total Homes Voluntary Support Funds	148	44	(26)	(22)	144

20. FURTHER DETAILS ABOUT RESTRICTED AND DESIGNATED FUNDS

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

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

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

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

Strathclyde House Trust Fund
This was earmarked by trustees to represent the value of the assets held within Strathclyde House Trust. It was decided that this was no longer useful and therefore the balance of this fund was transferred to the General Fund.

St Albans and Lucy McNeil Home Funds
These funds relate to the receipt of donations and the proceeds of various fundraising activities for the purpose of establishing new homes.

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

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

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

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

Flood Resilience Project Fund
The Flood Resilience Project Fund represents donations made towards the cost of building a flood defence wall around the Bridgemead building.

21. LEASING COMMITMENTS

Operating leases

The charitable company's total future minimum lease payments under operating leases at 31 March 2025 were payable as set out below:

	2025 £000	2024 £000
Within one year	**52**	38
Within two to five years	**64**	42
	116	80

The operating lease charges for the year were:

	2025 £000	2024 £000
Land and buildings	**66**	60
Hire of plant and machinery	**58**	41
	124	101

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

22. PENSION COMMITMENTS

The pension cost charge represents contributions payable by the group to the pension funds. There were contributions of £nil due to the fund at the period end (2024: £75,000).

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.

23. CAPITAL COMMITMENTS

Capital commitments for the value of £1.4m were due as at 31 March 2025 relating to the flood defence project at Bridgemead.

24. CONTINGENT LIABILITIES

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

A social housing grant received by Homesdale (Woodford Baptist Homes) Ltd is repayable in full under certain circumstances such as the sale of the Homesdale property without reinvestment. The total amount received to date is £2,458,994. No liability is recognised in the consolidated accounts.

A social housing grant received by Bridge Care Ltd is repayable in full under certain circumstances such as the sale of the Bridgemead property without reinvestment. The total amount received to date is £604,412. No liability is recognised in the consolidated accounts.

25. RELATED PARTY TRANSACTIONS

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

26. LIFE TENANCY

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

27. CHURSTON FERRERS OVERAGE

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

28. POST BALANCE SHEET EVENT

The sale of the Brighton Home at Pilgrims' House, 35-36 Egremont Place, Brighton, BN2 0GB completed on the 10th June 2025 for a sum of £2.3m.

The ownership of Preston Bethany Care was transferred to Pilgrims' Friend Society on 1 April 2025. This charity runs a modern residential care home (Bethany Home) in Preston based on similar Christian principles.

29. COMPANY LIMITED BY GUARANTEE

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

Statutory information

DIRECTORS AND TRUSTEES

Michael Abbott (Chairman)
Alan Copeman (Vice-Chairman)
Andrew Symonds (Vice-Chairman)
Dr Judy McLaren
Genefer Espejo
John Edwards
Mark Curran
Sheila Warnes
Sylvia Clovey
Leonie Lucas (appointed 10 October 2024)
Tilly Wood (appointed 10 October 2024)
Andrew Wright (appointed 31 May 2025)
James Henderson (appointed 31 May 2025)

COMPANY SECRETARY

Julian Hillman

REGISTERED OFFICE

175 Tower Bridge Road
London
SE1 2AL

COMPANY NUMBER 07169875
CHARITY NUMBER 1134979

BANKERS

Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

AUDITORS

Xeinadin Audit Limited
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	*Chief Executive Officer*
Maureen Sim	*Director of Operations*
Julian Hillman	*Director of Finance*
Hugh Lambourne	*Director of Property Services*
Joshua Field	*Director of Human Resources*
Alexandra Davis	*Director of Marketing and Communications*

OPINION

We have audited the financial statements of The Pilgrims Friend Group (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the consolidated Statement of Financial Activities, the consolidated and company's Balance Sheets, the consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the charitable company's affairs as at 31 March 2025 and of the group's incoming resources and application of resources, including the group income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and the strategic report included within the trustees' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement set out in the trustees' report, the trustees' (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

We determined that the principal risks were related to:

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

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

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

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

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

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Newton FCA (Senior Statutory Auditor)
for and on behalf of Xeinadin Audit Limited

Chartered Accountants
Statutory Auditor

Date: 18 July 2025

xeinadin auditing

5 Robin Hood Lane
Sutton
Surrey
SM1 2SW

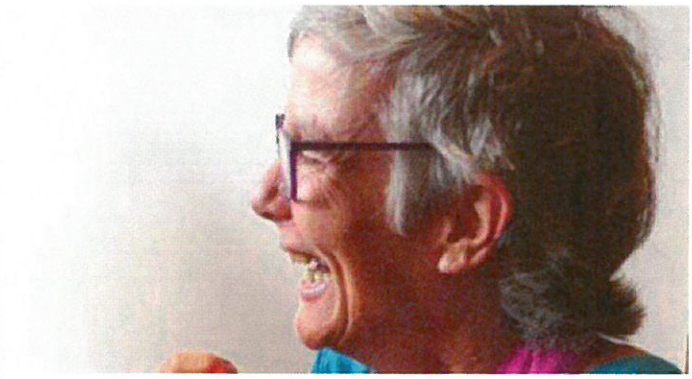
Pilgrims' Friend Society Group

England & Wales - Charity number 1134979

Accounts

THE PILGRIMS FRIEND GROUP

Group Financial Statements
For the year ended 31 March 2024



COMPANY NUMBER 07169875
CHARITY NUMBER 1134979

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Trustees' report

The trustees present their report together with the financial statements of the group for the year ended 31 March 2024. The trustees' report incorporates the directors' report and the strategic report prepared for the purposes of company law. The statutory information is listed on page 33.

MISSION REVIEW

Our group charitable objects are to advance the Christian faith and meet the spiritual and physical needs of older people. This work is increasingly needed as the numbers of older people grow with a significant unmet need for Christian care and support and growing opportunities to share what we know about living well with older people in the communities around our homes.

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

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

Our values

We talk regularly about our values with all our stakeholders, and they are increasingly embedded in the way that we work.

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

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

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

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

Our work and culture

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

As part of The Way We Care we call those who live with us "family members" as we create communities which are rooted in the idea of being a special kind of family together. As each new "family member" comes to live with us their preferences and personal history is gathered and informs all aspects of their care. It also impacts the kind of activities that are delivered in the home so that each person feels comfortable and welcome in the social context.

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

We also employ The Way We Care Leads who have responsibility for embedding this approach throughout each home, helping carers to take person-centre approach, rather than a task-centred approach, to the delivery of care.

Our Activities and Community Engagement (ACE) Programme has developed well, and we've been able to welcome more volunteers into our homes and make more connections with the communities around our homes. This has meant that visits from schools, churches, and other groups such as choirs are a regular function of life in our homes and that relationships with churches and others in the communities around our homes are stronger. Each volunteer that we train is better equipped to work well with older people in their churches and neighbourhoods.

The quality of our care remained high the year with all CQG and Local Authority reviews finding good or better care, and our own internal monitoring and carehome.co.uk reviews saying the same. Two of the home that joined the Group did so with "Requires Improvement" assessments from CQC and they are now benefitting from our systems and training as we plan to restore their "Good" CQC rating.

During the year we strengthened our team overseeing our housing provision. We agreed a new strategy for our housing provision, and we have started to get to grips with standardising our processes and exploring how to improve our provision.

Our staff

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

We have continued to invest heavily in training, particularly in our care staff. The Way We Care continues to be embedded throughout our care homes through specialists known as The Way We Care Leads. Our Activity and Community Engagement Facilitators have been trained and equipped to start sharing some of what we know about living well with older people with churches and others in the community around our homes. During the year we developed this by incepting a project to involve all or our ancillary staff in living well with our family members (in what is called a "whole home approach"), and to extend our scope to include more intentionally the relatives of people living with us and people who care in the community.

We listen to our colleagues through six monthly staff surveys and follow up staff forums. We are pleased that our colleagues remain highly committed to their work and very engaged with the charity seeing as an employer that helps them give of their best. Our staff vacancies rates have reduced significantly over the year, and most of our operations are effectively fully staffed. This has been helped by recruits from overseas, all of whom have been referred to us by existing colleagues or others that we know. We have not used agencies so we can be sure that the recruitment and employment of these colleagues has been to the highest ethical standards.

We have continued to invest in our leaders through our annual Senior Management Team conference and during the year we started to encourage our managers to take spiritual development days to strengthen their capacity to support the spiritual life of their homes and housing.

Growing for the future

We want to see our unique model of Christian care widely available around the UK and this vision is encapsulated in what we call our Renewal Programme of which Middlefields House, the new home we opened in Chippenham in 2021, is the start.

We have been delighted to see how this new building, designed to support The Way We Care in family sized households has led to fulfilled living of the highest order. The home has also exceeded our financial business case assumptions and is producing a surplus that allows us to invest the quality of what we do in Chippenham and elsewhere.

During the year we have made multiple approaches for sites close to some of our older buildings seeking to replicate the success of the renewal that we managed in Chippenham. We call this our Growth and Renewal strategy. Hitherto. we have not been successful, but our search continues particularly in The South Coast area around Worthing. We are looking for sites that will allow a new build and/or the purchasing of existing operations where this will improve the quality of our buildings and support high quality care for the medium term.

In the year we have also seen growth as we have welcomed into the Group the transfer of a care home in Cumbria (Cumbria Emmaus House) and the transfer of Homesdale (Woodford Baptist Homes) Limited, a Registered Society that runs housing and care for older people in Northeast London. There are two other Christian care home charities that we are in discussion with that might lead to the gifting of assets and operations to the Group in 2024/25.

In the year we also faced significant bill for ensuring fire safety at our home In Plymouth that we were not able to justify. This led to the sale of the Bethany Home to a local operator as a going concern and we were able to ensure continuity of the Christian ethos of the home by continuing the employment of the Activity and Community Engagement Facilitator for at least a further two years. We also had to close our domiciliary care agency at Royd Court "Pilgrim Care" as we were finding it impossible to find good staff given the intermittent rotas, we were able to offer because of the size of the scheme.

We have continued to support Faith in Later Life, a charity that we incubated, and it has continued to grow now encouraging, equipping, and inspiring over 900 volunteers working in churches with older people, known as Church Champions. In communities where we don't have care homes and housing then we want to see active Faith in Later Life Church Champions pursuing our charitable objects.

During the year we were also pleased to start an initiative "Christians in Care" to support Christians working in secular care settings helping them keep going and encouraging them in their work to advance the Christian faith amongst older people.

Raising our profile

Our engagement with press, both local and national, has continued with significant media coverage showcasing the value of older people and what it's like to live with us. Asan example, International Women's Day in March led to articles in Readers Digest, and references to us in Premier Christianity magazine. Articles appeared regularly in Christian print media.

Our summer campaign was targeted at future supporters in a younger demographic as we encouraged people to prepare well for older age with material presented under the heading of "Getting real About Getting Older".

We prepared a document "Empowering Communities to Care" that developed some of the themes in the archbishops "Reimaging Care Commission". During the year this attracted a lot of support from other charities and as a post balance sheet event will be used to shape policy and raise our profile.

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

Funding challenges

The low level of Local Authority funding and significant cost inflation means that the true cost of care is often not met by Local Authorities which, partnered our determination to accept people based on need rather than the ability to pay, results in a more challenging financial trading position than we would like.

The difference between Local Authority and private pay rates has grown dramatically over recent years and erodes our financial surplus. Itis hard to see us being able to carry on providing the full breadth of services that are included in The Way We Care in locations where we have large numbers of local authority funded family members unless we can increase our donations commensurately.

We continue to receive generous charitable contributions, particularly in the form of legacies, that we plan to invest in new provision for older people.

MESSAGE FROM THE CEO

There is a lot of detail in our numbers, but as in previous years this must not cloud the fact that in an immensely challenging environment, we have again delivered very high quality and distinctive Christian Care and Support to people who want to live in a Christian community.

I am immensely grateful to my colleagues who make this happen and who are an inspiration to me!

We thank God for the strong headline surplus and that we have started to improve our underlying financial performance as Middlefields House has performed well, occupancy has been strong, and as we have added new homes and housing to our portfolio.

The success of Middlefields is a great encouragement to progress our Growth and Renewal Programme, and we are working hard and trusting in God's timing for sites to repeat this process of modernising our portfolio.

Last year we have strengthened our team so that we have the capacity to help other Christian charities that are struggling with governance and other challenges of running care and housing operations. That allowed us to complete the work to take over the running of the Koinonia Christian Care home in Worthing in April 2023, and subsequently to welcome the transfer of the assets and operations of Cumbria Emmaus House and Homesdale (Woodford Baptist Homes) Limited to The Pilgrims Friend Group. These two latter gifts have a history of profitable trading and came with significant cash assets.

There have been many encouragements as we have progressed our work to enable the Christian faith to be advanced amongst older people though our work.

FINANCIAL REVIEW

During the year ended 31st of March 2024 the group made a net surplus of £9,089,000.

This is after the exceptional surplus arising from the transfer of the assets and operations of Cumbria Emmaus house to the Pilgrims Friend Group and the bringing of Homesdale (Woodford Baptist Homes) Limited into the Pilgrims Friend Group.

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 £9,539,000.

These headline numbers are important as they reflect the total income for the group and the total costs, but as they include the exceptional income and the costs that relate to our planned acquisition of other homes and housing, they don't reflect the financial performance of what night be called the underlying work of the group to deliver care and support to older people through our homes and housing and in the community.

Our homes and housing schemes benefitted from good cost control and strong occupancy as we recovered from post pandemic lows and were in surplus overall. Only Plymouth which lost £212,000 up to January 2024 was in in significant deficit owing to low occupancy and unsustainable costs needed to preserve fire safety. This home was sold in January 2024 through an arrangement that retained our Christian activities and community engagement.

These surpluses were not, however, sufficient to cover the costs of acquiring new homes; looking for new sites on which to build new homes; the costs of our work in the communities around our homes; and the costs of welcoming everyone into our homes even if local authority fees are less than our costs of caring. That is why we need and value legacies and donations that amounted to £933,000 in the year.

If we strip out from the headline numbers all the exceptional income that came from the two homes acquired and all of our legacy income that might not be repeatable and our interest income, we have an underlying deficit of £728,000.

The financial results emphasise the need to make progress with our growth and renewal programme to invest in new buildings that will support care and housing work that will be more financially sustainable, similar to our home in Chippenham that was opened in 2021 and replaced an older building that was struggling financially. The cash that we had in our balance sheet at the year end, and more, will be needed to help us make that transition and that is another reason why donations and legacies matter to us.

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 and Homesdale (Woodford Baptist Homes) Limited. 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 the Members of the Board of Trustees of The Pilgrims Friend Group are also on the board of one or more of the Group's subsidiary entities. The trustees of the Pilgrims Friend Group are distributed so that we have the capacity to manage conflicts of interest while transacting business between charities. After taking legal advice as part of the process of bringing the Homesdale (Woodford) Limited into the Group we also enacted the necessary policies that allow us to manage conflicts of interest by directors/trustees temporarily stepping down should that be needed to allow non conflicted decisions.

Responsibility for the day-to-day operations of the charity is delegated to the Chief Executive and Senior Management Team of Pilgrims' Friend Society which has been the main operating charity for the group. The pay of Key Management Personnel is reviewed annually and normally increases in accordance with average earnings bearing in mind charities of similar size and activity.

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

Pilgrims' Friend Society operates all our homes and schemes in the group Homesdale (Woodford Baptist Homes) Limited and Strathclyde House Trust apart, in the same way to ensure the same quality of Christian care and to give us economies of scale in our operations. Homesdale (Woodford Baptist Homes) Limited and Strathclyde House Trust remain as distinct legal entities but follow policies and procedures derived from those in place within Pilgrims' Friend Society.

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

During the year we brought Homesdale (Woodford Baptist Homes) Limited into the group through a "Grouping Agreement" that also involved their committee members standing down in favour of people drawn from the Pilgrim Friends Group Board. Homesdale (Woodford Baptist Homes) Limited is a Registered Society regulated by the Financial Conduct Authority, a registered provider of social housing, and an exempt charity. As part of the grouping work, we updated the equivalent of the objects of Homesdale (Woodford Baptist Homes) Limited to be consistent explicitly with the objects of the Pilgrim Friends Group.

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 because 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.

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, Homesdale (Woodford Baptist Homes) Limited and Strathclyde House Trust (both of which PFS 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, Strathclyde House, and Homesdale (Woodford Baptist Homes) Limited 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 an occupational requirement for some posts to be filled by Protestant Christians, who agree with our doctrinal basis, to maintain our founding Christian ethos. These issues are dealt with fully under the charity's Equal Opportunities policies.

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

We are in regular communication with our staff colleagues on all matters relating to their terms and conditions of employment. We survey our staff colleagues twice a year followed up by forums open to all.

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

Volunteers

Our volunteers are avital 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 425 (was 200 last year).

Future developments

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

Related parties

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

1. Key Management Personnel of Pilgrims' Friend Society
2. The following charities:
    a. Pilgrim Homes (charity no. 242266)
    b. Pilgrims' Friend Society (charity no. 1045920, company no. 3027071)
    c. Pilgrim Homes Trust (charity no. 1183226, company no. 11685624)
    d. Strathclyde House Trust – (charity no. SC025550, company no. SC169848)
3. PFG Trading Limited - a limited company
4. Aged Pilgrims' Friend Society Trust Limited - a limited company which holds title to the properties owned by Pilgrim Homes Trust.

Investment policy

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

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

Principal sources of funding

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

Accommodation charges policy

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

Fundraising

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

Risks and regulations

The charity maintains a comprehensive register of risks which is reviewed by the Key Management Personnel at their monthly meetings and by trustees at every trustee meeting. Risks are rated as to both their likelihood and severity. A significant achievement during the year were to be able to reduce our IT related risk rating following the retendering of out IT support contract and the achievement of Cyber Essentials accreditation at one of our homes as a pilot for rolling this out to all our operations. The risks faced by the charity with the highest ratings are:

Risk	Actions to mitigate
Renewal programme at risk because of increasing costs and delays finding sites	Replanning of the Renewal Programme - taken to Board in July 23.
Financial drain on Society as cashflow from homes and schemes unable to finance necessary support costs	Budget process and monitoring - 23/24 budget shows a reduced cash outflow, but an outflow nevertheless.
Ageing of properties to point where costs to maintain are prohibitive	Renewal Programme. Proactive management of emerging problems e.g. fire escape compliance.
PFS unable to retain staff	Working to understand drivers of people leaving. Overseas recruitment. We are no worse than sector average, but this is a major risk and cost.
PFS unable to recruit Christian home managers	Use of agencies to find and recruit as well as proactive advertising. This remains a challenging area. We will prioritise salaried pay at these positions, but the supply of Christian managers is limited. We plan to hold on to good staff if we see future roles.
Tightening labour market increases agency staff costs and dependency on agency staff	This has become a sector wide challenge. We have increased pay faster than living wage and brought pay rises forward. Developing HR support and strengthening team. We need to keep a close eye on this in case we need to do more.
Cost inflation not matched by fees	Keep financial performance under review and be prepared to cut costs and increase fees if necessary.
PFS unable to recruit staff with relevant skills in a timely fashion	Apprenticeships, career paths and plan actions to enhance recruitment. We have recruited over 20 staff from overseas
Reduced occupancy in homes/schemes falling below viability level	Effective occupancy marketing. Timely performance data and management action.
Significant and unresolved non-compliance with regulations	Careful design of PFS compliance policies and QA systems. Careful management and integration of gift acceptance homes.

Reserves

The Charity holds funds of £54,955,000 at the year end. Restricted funds account for £32,780,000 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 £19,490,000 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 £2,685,000; a surplus of £1,685,000 against a target of £1,000,000.

Trustee recruitment and training

Trustees are appointed at a board meeting following a nomination process. Candidates must meet a 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 introduce the affairs of the charity, key operational methods and the current strategic plan. Trustee performance is subject to an annual review by the Chairman and a collective self-appraisal is also undertaken.

Section 172 statement

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

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

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

Streamlined Energy & Carbon Reporting

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of The Pilgrims Friend Group for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the directors' report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable group and of the income and expenditure of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable group and hence for taking

reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF DISCLOSURE TO AUDITOR

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

AUDITORS

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

Approved by the trustees and signed on their behalf by:

Mr J Edwards
Trustee

Date: 18th July 2024

Consolidated statement of financial activities
(incorporating the income and expenditure account)
For the year ended 31 March 2024

	Note	2024 Unrestricted Funds £000	2024 Restricted Funds £000	2024 Total £000	2023 Unrestricted Funds £000	2023 Restricted Funds £000	2023 Total £000
Income from:							
Donations and legacies	2	**9,654**	**387**	**10,041**	8,368	203	8,571
Investments	3	**126**	**41**	**167**	3	45	48
Charitable activities	4	**9,846**	**9,592**	**19,438**	7,486	8,931	16,417
Other income	5	**125**	-	**125**	252	-	252
Total income		**19,751**	**10,020**	**29,771**	16,109	9,179	25,288
Expenditure on:							
Raising funds	6	**33**	**8**	**41**	27	18	45
Charitable activities	7	**11,622**	**9,137**	**20,759**	9,310	9,378	18,688
Total expenditure		**11,655**	**9,145**	**20,800**	9,337	9,396	18,733
Net gains/(losses) on investments		**118**	-	**118**	-	(14)	(14)
Net income/(expenditure)		**8,214**	**875**	**9,089**	6,772	(231)	6,541
Transfers between funds		**1**	**(1)**	-	(16)	16	-
Net movement in funds		**8,215**	**874**	**9,089**	6,756	(215)	6,541
Reconciliation of funds							
Total funds brought forward		**13,960**	**31,906**	**45,866**	7,204	32,121	39,325
Total funds carried forward		**22,175**	**32,780**	**54,955**	13,960	31,906	45,866

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

The notes on pages 14 to 32 form part of these financial statements.

Consolidated balance sheet
As at 31 March 2024

	Note	2024 £000	2024 £000	2023 £000	2023 £000
Fixed assets					
Tangible assets	**10**		**40,489**		33,473
Investments	**11**		**2,835**		1,062
			43,324		34,535
Current assets					
Stock	**12**	**713**		1,556	
Debtors and prepayments	**13**	**4,991**		6,596	
Cash equivalents on deposit		**3,407**		2,502	
Cash at bank and in hand		**4,529**		2,297	
		13,640		12,951	
Creditors: Amounts falling due within one year	**14**	**(2,009)**		(1,620)	
Net current assets			**11,631**		11,331
Total assets less current liabilities			**54,955**		45,866
Net assets			**54,955**		45,866
Funds:	**15**				
Unrestricted funds	**15,16**		**22,175**		13,960
Restricted funds (including revaluation reserve of £0.523m (2023: £0.523m))	**17**		**32,780**		31,906
Total Funds			**54,955**		45,866

The financial statements were approved by the Trustees on 18th July 2024 and signed on their behalf by:

J Edwards
Trustee

Company Registration No: 07169875

The notes on pages 14 to 32 form part of these financial statements.

Company balance sheet
As at 31 March 2024

	Note	2024 £000	2024 £000	2023 £000	2023 £000
Fixed assets					
Investments	11		7,651		43
			7,651		43
Current assets					
Cash at bank and in hand		-		-	
		-		-	
Creditors: Amounts falling due within one year		-		-	
Net current assets			-		-
Total assets less current liabilities			7,651		43
Funds:					
Unrestricted funds			7,651		43
Restricted funds			-		-
Total Funds			7,651		43

The company's net income for the year was £7,608 (2023: £nil).

The financial statements were approved by the Trustees on 18th July 2024 and signed on its behalf by:

J Edwards
Trustee

Company Registration No: 07169875

The notes on pages 14 to 32 form part of these financial statements.

	2024 £000	2023 £000
Cash flows from operating activities		
Trading and donations		
Net income	**9,089**	6,541
Depreciation	**834**	879
Gift of Koinonia net assets excluding cash	**-**	(2,307)
Gift of Melbourne Hall property	**-**	(1,059)
Gift of Cumbria Emmaus net assets excluding cash	**(1,103)**	-
Gift of Homesdale net assets excluding cash	**(6,208)**	-
Decrease/(increase) in legacy debtors	**2,003**	(4,386)
Investment income included in investing activities	**(167)**	(48)
Loss/(gain) on disposal of fixed assets	**26**	(14)
Realised (gains) on disposal of investments	**(1)**	-
Movement in fair value of investments	**(120)**	14
Net cash provided by/(used in) trading and donations	**4,353**	(380)
Working capital movements		
Decrease in housing stocks	**843**	299
Transfers from stock to tangible fixed assets	**(1,226)**	(522)
(Increase)/decrease in debtors excluding legacies	**(41)**	795
Increase in creditors	**293**	106
Net cash (used in)/provided by working capital movements	**(131)**	678
Net cash provided by operating activities	**4,222**	298
Cash flows from investing and financing activities		
Tangible fixed assets		
Payments on additions of tangible fixed assets	**(1,336)**	(525)
Adjustments to fixed assets	**71**	-
Proceeds on disposal of Melbourne Hall	**-**	1,059
Proceeds on disposal of tangible fixed assets	**512**	1,455
Net cash (used in)/provided by tangible fixed assets	**(753)**	1,989
Fixed asset investments		
Investment income received	**167**	48
Payments on additions of fixed asset investments	**(508)**	(200)
Proceeds on disposal of fixed asset investments	**9**	762
Net cash (used in)/provided by fixed asset investments	**(332)**	610
Financing activities		
Repayment of borrowings	**-**	(1,500)
Net cash (used in) financing activities	**-**	(1,500)
Net cash (used in)/provided by investing and financing activities	**(1,085)**	1,099
Net cash inflow	**3,137**	1,397
Cash and cash equivalents at 1 April 2023	**4,799**	3,402
Cash and cash equivalents at 31 March 2024	**7,936**	4,799

1. ACCOUNTING POLICIES

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

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

1a. Basis of accounting

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

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

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

1b. Consolidation

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

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

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

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

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

1c. Going concern

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

1. ACCOUNTING POLICIES (continued)

1d. Tangible fixed assets

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

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

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

1e. Investments

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

1f. Income

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

1g. Grants

Grant income is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.

1h. Expenditure

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

1i. Governance costs

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

1. ACCOUNTING POLICIES (continued)

1j. Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustee for particular purposes. The aim and use of each designated fund are set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors. The aim and use of each restricted fund are set out in note 18 to the financial statements.

1k. Leases

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

1l. Pensions

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

1m. Stocks

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

1n. Debtors

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

1o. Cash and cash equivalents

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of opening of the deposit. Cash equivalents on deposit includes cash on deposit with a maturity of over three months.

1p. Creditors and provisions

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

1q. Financial instruments

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

2. DONATIONS AND LEGACIES

	Unrestricted Funds £000	Restricted Funds £000	Total 2024 £000	Total 2023 £000
Donations	**150**	**324**	**474**	279
Net assets gifted by Cumbria Emmaus	**1,500**	**-**	**1,500**	-
Net assets gifted by Homesdale	**7,608**	**-**	**7,608**	-
Donation of Melbourne Hall property	-	-	-	1,059
Net assets gifted by Koinonia	-	-	-	2,434
Legacies	**396**	**63**	**459**	4,799
	9,654	**387**	**10,041**	8,571

3. INCOME FROM INVESTMENTS

	Unrestricted Funds £000	Restricted Funds £000	Total 2024 £000	Total 2023 £000
Bank interest	**121**	**6**	**127**	3
Rental of investment properties	-	**35**	**35**	43
Other interest	**5**	-	**5**	2
	126	**41**	**167**	48

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £000	Restricted Funds £000	Total 2024 £000	Total 2023 £000
Care fees	**9,225**	**8,437**	**17,662**	14,592
Housing income	**297**	**782**	**1,079**	1,003
Extra Care Housing lease sales	**324**	**373**	**697**	776
Covid-19 LA care grants	-	-	-	46
	9,846	**9,592**	**19,438**	16,417

5. INCOME FROM OTHER SOURCES

	Unrestricted Funds £000	Restricted Funds £000	Total 2024 £000	Total 2023 £000
Gain on disposal of tangible fixed assets	**125**	-	**125**	248
Commercial trading operations	-	-	-	4
	125	-	**125**	252

6. EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds £000	Restricted Funds £000	Total 2024 £000	Total 2023 £000
Publicity and deputation	33	8	41	45

7. EXPENDITURE ON CHARITABLE ACTIVITIES

Activities split by fund:	Unrestricted Funds £000	Restricted Funds £000	Total 2024 £000	Total 2023 £000
Housing	263	738	1,001	1,358
Care	9,662	7,678	17,340	15,030
Cost of Extra Care leases sold	310	373	683	759
Education and training	281	24	305	216
Raising awareness	136	8	144	106
General support costs	592	(166)	426	340
	11,244	8,655	19,899	17,809
Depreciation	352	482	834	879
Loss on disposal	26	-	26	-
	11,622	9,137	20,759	18,688

7. EXPENDITURE ON CHARITABLE ACTIVITIES (continued)

Analysis by activity:	Housing £000	Care £000	Extra care leases £000	Education & training £000	Raising awareness £000	General support £000	Total 2024 £000	Total 2023 £000
Salaries and wages	216	11,218	-	196	66	1,986	13,682	12,164
Food	113	743	-	-	-	-	856	776
Administrative expenses	34	484	-	15	-	612	1,145	1,169
Repairs and maintenance	231	1,004	-	-	-	-	1,235	1,215
Heat and light	93	537	-	-	-	-	630	533
Other expenses	116	850	-	94	78	-	1,138	930
Cost of Extra Care leases sold	-	-	683	-	-	-	683	759
Professional fees	-	50	-	-	-	483	533	271
Governance costs: audit fees	-	3	-	-	-	30	33	32
Allocated administrative costs	198	2,451	-	-	-	(2,685)	(36)	(40)
	1,001	17,340	683	305	144	426	19,899	17,809
Buildings depreciation	206	406	-	-	-	-	612	686
Loss/(gain) on disposal	-	-	-	-	-	26	26	-
General depreciation	16	185	-	-	-	21	222	193
	1,223	17,931	683	305	144	473	20,759	18,688

During the year the auditors were paid £20,000, including irrecoverable VAT, for non-audit services (2023: £31,000).

Support costs (less allocated administrative costs):

Staff costs	1,986	1,559
Depreciation	21	25
Professional fees	513	230
Loss on disposal	26	-
Other administrative expenses	612	564
	3,158	2,378

8. STAFF COSTS

	2024 £000	2023 £000
Wages and salaries	**11,564**	9,584
Social security costs	**883**	705
Pension costs	**387**	386
Agency staff costs	**848**	1,489
	13,682	12,164

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

	No	No
Homes	**588**	529
Head Office	**41**	42
	629	571

The average number of staff employed at the end of the year on a full-time equivalent basis was:

	No	No
Homes	**464**	397
Head Office	**40**	38
	504	435

The emoluments of ten employees exceeded £60,000 in the year ended 31 March 2024 (2023: five). Four of those employees earned between £60,000 and £70,000, Three earned between £70,000 and £80,000, one earned between £80,000 and £90,000, one earned between £90,000 and £100,000 and one earned between £110,000 and £120,000 including redundancy pay (2023: three between £60,000 and £70,000, one between £80,000 and £90,000 and one between £90,000 and £100,000).

Remuneration of £1,574 (2023: £3,044) was paid to one trustee, Mr Martyn Hallett during the year for employment as pastoral co-ordinator on a part time basis. Mr Hallett started this paid role on 1 March 2020, before he was appointed as a trustee in October 2022. Continued employment is in accordance with Clause 4 of the Articles of Association of the Charity and consent given by the Charity Commission. No remuneration was paid to any other trustee during the year. Travel expenses of £343 (2023: £1,180) were reimbursed to 3 trustees (2023: 4 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 £532,785 (2023: £496,272).

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 £48,293 (2023: £58,884).

9. NET INCOME

	2024 £000	2023 £000
This is stated after charging:		
Depreciation	**834**	879
Net (gain) on disposal of tangible fixed assets	**(99)**	(248)
Loan interest	**-**	22
Auditors' remuneration for audit services	**33**	37
Auditors' remuneration for other services	**20**	31

10. TANGIBLE FIXED ASSETS

	Freehold and leasehold properties £000	Furniture, fittings and equipment £000	Motor vehicles £000	Total £000
Cost				
As at 1 April 2023	**39,977**	**2,395**	**111**	**42,483**
Additions	**1,094**	**136**	**106**	**1,336**
Adjustments from acquisitions	**8,893**	**1,085**	**33**	**10,011**
Disposals	**(705)**	**(124)**	**-**	**(829)**
Transfer from stock	**1,226**	**-**	**-**	**1,226**
As at 31 March 2024	**50,485**	**3,492**	**250**	**54,227**
Depreciation				
As at 1 April 2023	**7,612**	**1,341**	**57**	**9,010**
Charge for the year	**624**	**173**	**37**	**834**
Adjustments from acquisitions	**3,101**	**1,051**	**33**	**4,185**
Released on disposals	**(260)**	**(85)**	**-**	**(291)**
As at 31 March 2024	**11,131**	**2,480**	**127**	**13,738**
Net book value				
As at 31 March 2024	**39,354**	**1,012**	**123**	**40,489**
As at 31 March 2023	32,365	1,054	54	33,473

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

	2024 £000	2023 £000
Pilgrims' Friend Society		
Freehold property:		
Bethany Christian Home, Plymouth	**-**	605
Ernest Luff Care Home, Walton-on-the-Naze	**2,419**	2,265
Ernest Luff House, Walton-on-the-Naze	**1,590**	1,611
Emmaus Care Home, Harrogate	**1,162**	889
Permanent landscape, Ernest Luff Care Home	**34**	34
Koinonia Christian Care, Worthing	**2,033**	2,015
Emmaus House, Whitehaven, Cumbria	**1,284**	-
Carey Gardens, Kirby Muxloe	**1,278**	1,130
	9,800	8,549
Strathclyde House Trust		
Freehold property:		
Strathclyde House, Skelmorlie	**2,552**	2,237
Carried forward	**12,352**	10,786

10. TANGIBLE FIXED ASSETS (continued)

	2024 £000	2023 £000
Pilgrim Homes Trust		
Freehold property:		
Dorothea Court, Bedford	**4,443**	4,401
Middlefields House Chippenham	**7,281**	7,258
Great Finborough	**4,679**	4,460
Evington Home, Leicester	**2,348**	2,348
Shottermill Home, Haslemere	**1,719**	1,564
Milward Home, Tunbridge Wells	**1,408**	1,384
Wantage Home	**1,814**	1,773
Royd Court, Mirfield	**3,867**	3,458
Pilgrim Gardens, Evington, Leicester	**3,082**	2,081
Brighton Home (at deemed cost)	**675**	464
	31,316	29,191
Homesdale (Woodford Baptist Homes) Ltd		
Freehold property:		
Homesdale Housing and Care Home, New Wanstead	**6,817**	-
Brought forward from previous page	**12,352**	10,786
Total properties	**50,485**	39,977

11. INVESTMENTS - GROUP

	Listed Investments £000	Investment properties £000	Total £000
Valuation			
As at 1 April 2023	**200**	**862**	**1,062**
Additions	**508**	**-**	**508**
Gift from Homesdale	**1,154**	**-**	**1,154**
Disposals	**(9)**	**-**	**(9)**
Revaluation	**120**	**-**	**120**
As at 31 March 2024	**1,973**	**862**	**2,835**
Held by			
General Funds	**1,973**	**-**	**1,973**
Restricted funds	**-**	**862**	**862**
	1,973	**862**	**2,835**
Historic cost			
As at 31 March 2024	**1,862**	**338**	**2,200**

11. INVESTMENTS – GROUP (continued)

Investment properties comprise the following:

	2024 £000	2023 £000
At market value:		
House on Pilgrims' Way, Great Finborough	**275**	275
60 Royd Court, Mirfield	**207**	207
Redbourn Land	**5**	5
House on Liphook Road, Haslemere	**375**	375
	862	862

The investment properties were revalued at the open market value as at 31 March 2024 by the previous Director of Property Services, Andy Walsh ARIBA.

12. INVESTMENTS – COMPANY ONLY

	2024 £000	2023 £000
Investment in PFG Trading Ltd	**43**	43
Investment in Homesdale (Woodford Baptist Homes) Ltd	**7,608**	-
	7,651	43

13. STOCK

	2024 £000	2023 £000
Stock of flats held for resale (see below)	**691**	1,476
Preliminary costs of new building	**22**	73
Stock of books	**-**	7
	713	1,566

	Strathclyde House		*Royd Court*		*Pilgrim Gardens*		
	Number No	Cost £000	Number No	Cost £000	Number No	Cost £000	Total £000
As at 1 April 2023	**3**	**242**	**3**	**355**	**6**	**879**	**1,476**
Sold	**(3)**	**(310)**	**(3)**	**(373)**	**(1)**	**(140)**	**(823)**
Transferred to fixed assets	**(3)**	**(251)**	**(2)**	**(235)**	**(5)**	**(739)**	**(1,255)**
Bought back	**8**	**875**	**3**	**388**	**-**	**-**	**1,263**
As at 31 March 2024	**5**	**556**	**1**	**135**	**-**	**-**	**691**

Contingent liabilities on housing stock

Under the terms of the sale of properties at Strathclyde House, the Strathclyde House Trust has the right of first refusal when freehold flats are offered for sale and it is the practice of the charity to exercise that right to maintain the ethos and atmosphere on the site. The total potential value of the flats not held by the charity at 31 March 2024 is £2.8 million.

Under the terms of the sale of leases at Royd Court, Pilgrim Homes Trust is committed to repurchase leases should leaseholders cease to be residents. The total potential value of the flats not held in stock at 31 March 2024 is £3.9 million.

Under the terms of the sale of leases at Pilgrim Gardens, Pilgrim Homes Trust is committed to repurchase leases should leaseholders cease to be residents. The total potential value of the flats not held in stock at 31 March 2024 is £1.26 million.

14. DEBTORS AND PREPAYMENTS

	2024 £000	2023 £000
Arrears of local authority and residents' contribution	**229**	212
Amounts owed from Pilgrim Gardens service charge	**56**	15
Amounts owed from Royd Court service charge	**251**	147
Amounts owed from Strathclyde service charge	**70**	58
Other debtors and prepayments	**4,385**	6,164
	4,991	6,596

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

	2024 £000	2023 £000
Residents' contributions in advance	**25**	-
Short terms loans	**115**	165
Trade creditors	**315**	438
Taxation and social security	**195**	137
Other creditors and accruals	**1,359**	880
	2,009	1,620

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Funds £000	Designated Funds £000	Restricted Funds £000	Total Funds £000
2024				
Fixed assets				
Tangible	**17,517**	-	**22,972**	**40,489**
Investments	**1,973**	-	**862**	**2,835**
Current assets	4,694	-	**8,946**	**13,640**
Current liabilities	(2,009)	-	-	(2,009)
Total Net Assets	**22,175**	-	**32,780**	**54,955**
2023				
Fixed assets				
Tangible	7,582	1,976	23,915	33,473
Investments	200	-	862	1,062
Current assets	6,046	(224)	7,129	12,951
Current liabilities	(1,612)	(8)	-	(1,620)
Total Net Assets	12,216	1,744	31,906	45,866

17. DESIGNATED FUNDS

	Brought forward at 1 April 2023	Income	Expenditure	Net assets gifted/ revaluations &transfers	Carried forward at 31 March 2024
	£000	£000	£000	£000	£000
2024					
Strathclyde House Trust	**1,744**	**456**	**(521)**	**(1,679)**	**-**
	1,744	**456**	**(521)**	**(1,679)**	**-**
2023					
Strathclyde House Trust	1,902	364	(522)	-	1,744
	1,902	364	(522)	-	1,744

18. a) RESTRICTED FUNDS – PILGRIM HOMES

2024	Brought forward at 1 April 2023	Income	Expenditure	Revaluations and transfers	Carried forward at 31 March 2024
Funds restricted by Pilgrim Homes articles:	£000	£000	£000	£000	£000
General unrestricted funds					
Pilgrim Homes Fund	5,000	9,925	(9,069)	(1,231)	4,625
Designated Funds					
Operational Assets Equity Fund	23,274	-	-	1,252	24,526
Operational Risk Reserve	1,030	-	-	-	1,030
Property Emergency Repair Fund	50	-	-	-	50
Total designated funds restricted by Pilgrim Homes articles	24,354	-	-	1,252	25,606
Pilgrim Homes Restricted Funds					
St Albans Home	526	-	-	-	526
Lucy McNeil Home	1,849	-	-	-	1,849
Homes Voluntary Support Funds (see note 19c)	59	39	(26)	(21)	51
Total restricted funds restricted by Pilgrim Homes articles	2,434	39	(26)	(21)	2,426
Total restricted funds – Pilgrim Homes	31,788	9,964	(9,095)	-	32,657

18. b) RESTRICTED FUNDS – GENERAL

Faith in Later Life	-	40	(40)	-	-
Homes Voluntary Support Funds (see note 19c)	89	5	-	(1)	93
Local Homes Project Funds	21	10	(10)	-	21
Dementia Fund	8	1	-	-	9
Total restricted funds - general	118	56	(50)	(1)	123
Total restricted funds	31,906	10,020	(9,145)	(1)	32,780

18. c) RESTRICTED FUNDS – HOMES VOLUNTARY SUPPORT FUNDS

2024	Brought forward at 1 April 2023 £000	Income £000	Expenditure £000	Revaluations and transfers £000	Carried forward at 31 March 2024 £000
Funds restricted by Pilgrim Homes articles:					
Great Finborough	-	2	(1)	(1)	-
Evington	-	15	(2)	(7)	6
Tunbridge Wells	18	2	-	(3)	17
Wantage	23	16	(23)	(1)	15
Shottermill	17	4	-	(8)	13
Bedford	1	-	-	(1)	-
	59	39	(26)	(21)	51
Other restricted funds					
Emmaus House	5	1	-	-	6
Koinonia	-	1	-	(1)	-
Kirby Muxloe	79	-	-	-	79
Middefields	5	3	-	-	8
	89	5	-	(1)	93
Total Homes Voluntary Support Funds	148	44	(26)	(22)	144

19. a) RESTRICTED FUNDS – PILGRIM HOMES (comparatives)

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

19. b) RESTRICTED FUNDS – GENERAL (comparatives)

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

19. c) RESTRICTED FUNDS – HOMES VOLUNTARY SUPPORT FUNDS (comparatives)

2023	Brought forward at 1 April 2022 £000	Income £000	Expenditure £000	Revaluations and transfers £000	Carried forward at 31 March 2023 £000
Funds restricted by Pilgrim Homes articles:					
Chippenham	3	-	-	(3)	-
Great Finborough	59	6	-	(65)	-
Evington	18	4	-	(22)	-
Tunbridge Wells	4	14	-	-	18
Wantage	14	16	-	(7)	23
Shottermill	17	1	-	(1)	17
Bedford	1	-	-	-	1
	116	41	-	(98)	59
Other restricted funds					
Ernest Luff Care	1	-	-	(1)	-
Bethany Christian Home	2	2	-	(4)	-
Emmaus House	2	3	-	-	5
Florence House	2	-	-	(2)	-
Koinonia	-	1	-	(1)	-
Kirby Muxloe	5	-	(14)	88	79
Middlefields	2	3	-	-	5
	14	9	(14)	80	89
Total Homes Voluntary Support Funds	130	50	(14)	(18)	148

20. FURTHER DETAILS ABOUT RESTRICTED AND DESIGNATED FUNDS

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

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

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

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

Strathclyde House Trust Fund
This was earmarked by trustees to represent the value of the assets held within Strathclyde House Trust. It was decided that this was no longer useful and therefore the balance of this fund was transferred to the General Fund.

St Albans and Lucy McNeil Home Funds
These funds relate to the receipt of donations and the proceeds of various fundraising activities for the purpose of establishing new homes.

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

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

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

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

Covid grants
This relates to grants receive 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.

21. LEASING COMMITMENTS

Operating leases

The charitable company's total future minimum lease payments under operating leases at 31 March 2024 were payable as set out below:

	2024 £000	2023 £000
Within one year	**38**	50
Within two to five years	**42**	63
	80	113

The operating lease charges for the year were:

	2024 £000	2023 £000
Land and buildings	**60**	97
Hire of plant and machinery	**41**	51
	101	148

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

22. PENSION COMMITMENTS

The pension cost charge represents contributions payable by the group to the pension funds. There were contributions of £75,000 due to the fund at the period end (2023: £61,000).

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.

23. CAPITAL COMMITMENTS

No capital commitments were due as at 31 March 2024.

24. CONTINGENT LIABILITIES

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

A social housing grant received by Homesdale (Woodford Baptist Homes) Ltd in is repayable in full under certain circumstances such as the sale of the Homesdale property without reinvestment. The total amount received to date is £2,548,994. No liability is recognised in the consolidated accounts.

25. RELATED PARTY TRANSACTIONS

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

26. LIFE TENANCY

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

27. CHURSTON FERRERS OVERAGE

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

28. POST BALANCE SHEET EVENT

Following the year end, a contract for works to the roof of the building at Strath Clyde House Trust Ltd was signed in May 2024. The overall cost of the works is estimated to be £235,000.

29. 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.

DIRECTORS AND TRUSTEES

Michael Abbott (Chairman)
Alan Copeman (Vice-Chairman)
Andrew Symonds (Vice-Chairman)
Bryan Jarvis (Vice-Chairman) (resigned 31 December 2023)
Dr Judy McLaren
Genefer Espejo
John Edwards
Mark Curran
Max Robinson (resigned 24 July 2023)
Robin Turnbull (resigned 31 December 2023)
Sheila Warnes
Sylvia Clovey
Martin Hallett (resigned 19 June 2023)

COMPANY SECRETARY

Robert Fricker

REGISTERED OFFICE

175 Tower Bridge Road
London
SE1 2AL

COMPANY NUMBER 07169875
CHARITY NUMBER 1134979

BANKERS

Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

AUDITORS

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

KEY MANAGEMENT PERSONNEL

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

Stephen Hammersley	*Chief Executive Officer*
Maureen Sim	*Director of Operations*
Debbie Buggs	*Director of Finance (resigned 9 October 2023)*
Julian Hillman	*Director of Finance (appointed 4 December 2023)*
Hugh Lambourne	*Director of Property Services*
Joshua Field	*Director of Human Resources*
Alexandra Davis	*Director of Marketing and Communications*

OPINION

We have audited the financial statements of The Pilgrims Friend Group (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the consolidated Statement of Financial Activities, the consolidated and company's Balance Sheets, the consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the charitable company's affairs as at 31 March 2024 and of the group's incoming resources and application of resources, including the group income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and the strategic report included within the trustees' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement set out in the trustees' report, the trustees' (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

We determined that the principal risks were related to:

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

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

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

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

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

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Chartered Accountants
Statutory Auditor

Date: 22 July 2024

JCS ACCOUNTANTS

5 Robin Hood Lane
Sutton
Surrey
SM1 2SW

Pilgrims' Friend Society Group

England & Wales - Charity number 1134979

Accounts

THE PILGRIMS FRIEND GROUP

Group Financial Statements
For the year ended 31 March 2023

COMPANY NUMBER 07169875
CHARITY NUMBER 1134979

Contents of the financial statements

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

MISSION REVIEW

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

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

Our values

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

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

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

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

Our work and culture

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

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

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

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

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

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

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

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

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

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

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

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

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

Our staff

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

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

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

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

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

Growing for the future

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

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

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

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

Raising our profile

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

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

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

Funding challenges

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

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

MESSAGE FROM THE CEO

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

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

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

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

FINANCIAL REVIEW

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

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

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

STATUTORY INFORMATION

Our objects and how we seek to fulfil them

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

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

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

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

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

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

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

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

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

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

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

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

Public benefit

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

Employment policies

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

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

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

Volunteers

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

Future developments

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

Related parties

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

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

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

Investment policy

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

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

Principal sources of funding

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

Accommodation charges policy

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

Fundraising

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

Risks and regulations

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

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

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

Reserves

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

Trustee recruitment and training

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

Section 172 statement

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

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

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

Streamlined Energy & Carbon Reporting

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of The Pilgrims Friend Group for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the directors' report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable group and of the income and expenditure of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,

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

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF DISCLOSURE TO AUDITOR

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

AUDITORS

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

Approved by the trustees and signed on their behalf by

John Edwards

John Edwards
Trustee

Date: 20 July 2023

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

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

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

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

Consolidated balance sheet
As at 31 March 2023

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

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

John Edwards

J Edwards
Finance Committee Chairman

Company Registration No: 07169875

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

Company balance sheet
As at 31 March 2023

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

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

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

John Edwards

J Edwards
Finance Committee Chairman

Company Registration No: 07169875

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

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

1. ACCOUNTING POLICIES

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

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

1a. Basis of accounting

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

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

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

1b. Consolidation

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

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

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

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

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

1c. Going concern

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

1. ACCOUNTING POLICIES (continued)

1d. Tangible fixed assets

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

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

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

1e. Investments

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

1f. Income

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

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

1g. Expenditure

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

1h. Governance costs

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

1. ACCOUNTING POLICIES (continued)

1i. Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustee for particular purposes. The aim and use of each designated fund are set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors. The aim and use of each restricted fund are set out in note 18 to the financial statements.

1j. Leases

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

1k. Pensions

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

1l. Stocks

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

1m. Debtors

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

1n. Cash and cash equivalents

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of opening of the deposit. Cash equivalents on deposit includes cash on deposit with a maturity of over three months.

1o. Creditors and provisions

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

1p. Financial instruments

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

2. DONATIONS AND LEGACIES

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

3. INCOME FROM INVESTMENTS

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

4. INCOME FROM CHARITABLE ACTIVITIES

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

5. INCOME FROM OTHER SOURCES

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

6. EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds £000	Restricted Funds £000	Total 2023 £000	Total 2022 £000
Publicity and deputation	**27**	**18**	**45**	25

7. EXPENDITURE ON CHARITABLE ACTIVITIES

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

7. EXPENDITURE ON CHARITABLE ACTIVITIES (continued)

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

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

Support costs (less allocated administrative costs):

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

8. STAFF COSTS

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

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

	No	No
Homes	**529**	469
Head Office	**42**	32
	571	501

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

	No	No
Homes	**397**	300
Head Office	**38**	32
	435	332

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

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

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

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

9. NET INCOME/(EXPENDITURE)

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

10. TANGIBLE FIXED ASSETS

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

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

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

10. TANGIBLE FIXED ASSETS (continued)

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

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

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

11. INVESTMENTS - GROUP

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

Investment properties comprise the following:

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

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

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

	£000
Revaluation of investment properties	(14)

12. INVESTMENTS – COMPANY ONLY

	2023	2022
	£000	£000
Investment in PFG Trading Ltd	43	43
	43	43

13. STOCK

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

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

Contingent liabilities on housing stock

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

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

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

14. DEBTORS AND PREPAYMENTS

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

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

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

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

	2023 £000	2022 £000
Bank loans	-	1,250

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

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

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

18. DESIGNATED FUNDS

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

19. a) RESTRICTED FUNDS – PILGRIM HOMES

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

19. b) RESTRICTED FUNDS – GENERAL

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

19. c) RESTRICTED FUNDS – HOMES VOLUNTARY SUPPORT FUNDS

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

20. a) RESTRICTED FUNDS – PILGRIM HOMES

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

20. b) RESTRICTED FUNDS – GENERAL

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

20. c) RESTRICTED FUNDS – HOMES VOLUNTARY SUPPORT FUNDS

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

21. FURTHER DETAILS ABOUT RESTRICTED AND DESIGNATED FUNDS

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

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

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

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

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

St Albans and Lucy McNeil Home Funds
These funds relate to the receipt of donations and the proceeds of various fundraising activities for the purpose of establishing new homes.

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

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

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

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

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

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

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

22. LEASING COMMITMENTS

Operating leases

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

	2023 £000	2022 £000
Within one year	**50**	38
Within two to five years	**63**	84
	113	122

The operating lease charges for the year were:

	2023 £000	2022 £000
Land and buildings	**97**	88
Hire of plant and machinery	**51**	85
	148	173

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

23. PENSION COMMITMENTS

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

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

24. CAPITAL COMMITMENTS

No capital commitments were due as at 31 March 2023.

25. CONTINGENT LIABILITITY

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

26. RELATED PARTY TRANSACTIONS

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

27. LIFE TENANCY

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

28. WELLSBOROUGH OVERAGE RECEIPT

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

29. CHURSTON FERRERS OVERAGE

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

30. COMPANY LIMITED BY GUARANTEE

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

DIRECTORS AND TRUSTEES

Michael Abbott (Chairman from 1 April 2022)
Alan Copeman (Vice-Chairman)
Andrew Symonds (Vice-Chairman)
Bryan Jarvis (Vice-Chairman)
Dr Judy McLaren
Genefer Espejo
John Edwards
Mark Curran (appointed 21 July 2022)
Max Robinson
Robin Turnbull
Sheila Warnes
Sylvia Clovey (appointed 21 July 2022)
Martin Hallett (6 October 2022 to 19 June 2023)
Philip Oliver (resigned 1 December 2022)

COMPANY SECRETARY

Debbie Buggs

REGISTERED OFFICE

175 Tower Bridge Road
London
SE1 2AL

COMPANY NUMBER 07169875
CHARITY NUMBER 1134979

BANKERS

Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

AUDITORS

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

KEY MANAGEMENT PERSONNEL

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

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

OPINION

We have audited the financial statements of The Pilgrims Friend Group (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the consolidated Statement of Financial Activities, the consolidated and company's Balance Sheets, the consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the charitable company's affairs as at 31 March 2023 and of the group's incoming resources and application of resources, including the group income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and the strategic report included within the trustees' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement set out in the trustees' report, the trustees' (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

We determined that the principal risks were related to:

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

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

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

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

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

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

P Newton

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

Chartered Accountants
Statutory Auditor

Date: 20/7/2023

5 Robin Hood Lane
Sutton
Surrey
SM1 2SW

Pilgrims' Friend Society Group

England & Wales - Charity number 1134979

Accounts

THE PILGRIMS FRIEND GROUP

Group Financial Statements
For the year ended 31 March 2022

COMPANY NUMBER 07169875
CHARITY NUMBER 1134979

Contents of the financial statements

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31	Statutory information
32 - 34	Independent auditor's report

Trustees' report

The trustees present their report, together with the financial statements of the group 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. The statutory information is listed on page 31.

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.

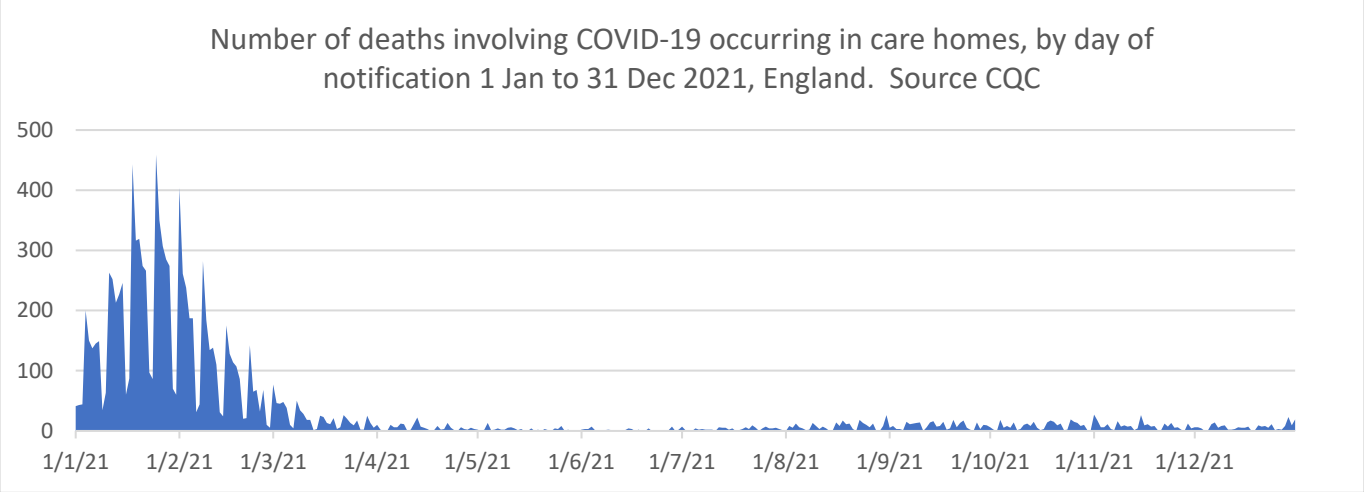
These daily times, our occasional mini conferences over Zoom; and our in-person conference for managers and trustees in September have shown that we are blessed with a cohort of leaders whose faith and trust in God is strong, who support and encourage each other, and who are deeply committed to supporting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

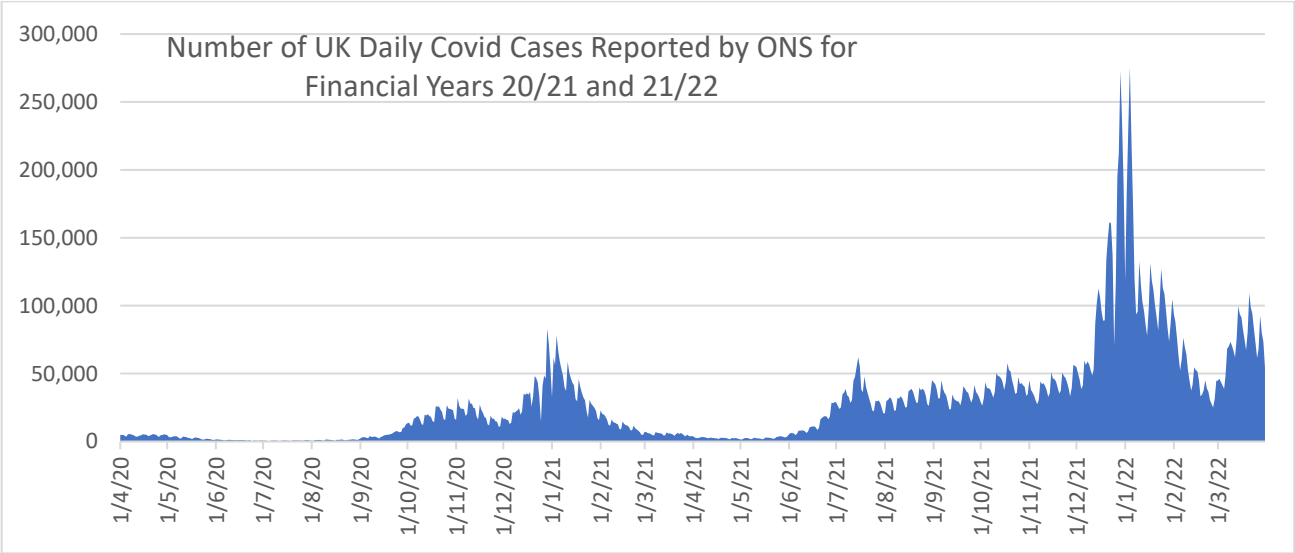
The big picture overview is a story of our staff colleagues', and particularly our managers', outstanding resilience, and performance in the face of the challenges of Covid 19, for which we give thanks to God.

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. The chart below reminds us of the depth of the valley that we were in as we started the year,



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

The remarkable effectiveness of the vaccines is evident from the chart, 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.

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.
- 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

During the year ended 31 March 2022 the group made a net surplus of £74,000 compared to £550,000 in the previous year. The Group benefited from £1.8 million from donations, legacies, and overage on a site that had been sold some years ago.

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 £987,000 against £1,435,000 the previous year. Our budget for the financial year was a deficit of £700,000 as we anticipated a difficult year emerging from Covid.

STATUTORY INFORMATION

Our objects and how we seek to fulfil them

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

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

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

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

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

Pilgrim Homes Trust (and Pilgrim Homes before it) fulfils its objects through the ownership of care homes and housing schemes which are operated on its behalf by Pilgrims' Friend Society. Pilgrim Homes Trust is the group charity 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 conduct a charity wide staff survey and feedback to colleagues on how we respond to the issues raised.

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

Volunteers

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

Future developments

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

Related parties

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

1. Key Management Personnel of Pilgrims' Friend Society
2. The following charities:
    a. Pilgrim Homes (charity no. 242266)
    b. Pilgrims' Friend Society (charity no. 1045920, company no. 3027071)
    c. Pilgrim Homes Trust (charity no. 1183226, company no. 11685624)
    d. Strathclyde House Trust – (charity no. SC025550, company no. SC169848)
3. PFG Trading Limited - a limited company
4. Aged Pilgrims' Friend Society Trust Limited - a limited company which holds title to the properties owned by Pilgrim Homes Trust.

Investment policy

These accounts include £1.6 million of investments which are properties owned by Pilgrim Homes which are not suitable to be let to beneficiaries of the Charity and are therefore let as investments to third parties. Some of these properties are close to, or indeed within the curtilage of our care homes and such properties are therefore difficult to dispose of and are, where possible, let to staff members.

The cost of the Renewal Programme at Chippenham (building Middlefields House) has been funded to date by the sale of investments, investing surplus cash reserves, and the sale of property. 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 types of assets.

Principal sources of funding

The group expects to continue to raise most of its income from fees charged to residents of its homes and by charges for its

housing. The Renewal Programme will be funded by borrowing, social investment, the sale of some property assets and donations.

As mentioned above, the group 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, which was fully repaid by the year end.

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.

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 £39,325,000 at the year end. Restricted funds account for £32,121,000 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, £7,265,000 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 £61,000; a shortfall of £1,061,000 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. Proceeds sufficient to repay the loan are expected to be realised by the end of September 2022.

Trustee recruitment and training

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

Section 172 statement

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

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

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of The Pilgrims Friend Group for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the directors' report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable group and of the income and expenditure of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF DISCLOSURE TO AUDITOR

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

Michael R Abbott

Mr Michael Abbott (Chairman) Date: 21/7/22

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

	Note	2022 Unrestricted Funds £000	2022 Restricted Funds £000	2022 Total £000	2021 Unrestricted Funds £000	2021 Restricted Funds £000	2021 Total £000
Income from:							
Donations and legacies	2	**207**	**1,055**	**1,262**	1,650	732	2,382
Investments	3	**2**	**652**	**654**	48	313	361
Charitable activities	4	**4,559**	**9,079**	**13,638**	3,919	8,355	12,274
Other income	5	**297**	**3**	**300**	10	21	31
Total income		**5,065**	**10,789**	**15,854**	5,627	9,421	15,048
Expenditure on:							
Raising funds	6	**22**	**3**	**25**	29	33	62
Charitable activities	7	**6,377**	**9,106**	**15,483**	5,541	8,891	14,432
Total expenditure		**6,399**	**9,109**	**15,508**	5,570	8,924	14,494
Net losses on investments	11	**-**	**(272)**	**(272)**	-	(4)	(4)
Net (expenditure)/income	9	**(1,334)**	**1,408**	**74**	57	493	550
Transfers between funds		**-**	**-**	**-**	-	-	-
Net movement in funds		**(1,334)**	**1,408**	**74**	57	493	550
Reconciliation of funds							
Total funds brought forward		**8,538**	**30,713**	**39,251**	8,481	30,220	38,701
Total funds carried forward		**7,204**	**32,121**	**39,325**	8,538	30,713	39,251

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

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

Consolidated balance sheet
As at 31 March 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Fixed assets					
Tangible assets	**10**		**32,697**		31,245
Investments	**11**		**1,633**		2,719
			34,330		33,964
Current assets					
Stock	**13**	**1,855**		2,676	
Debtors and prepayments	**14**	**2,752**		1,925	
Cash at bank and in hand		**3,402**		2,623	
		8,009		7,224	
Creditors: Amounts falling due within one year	**15**	**(1,764)**		(1,937)	
Net current assets			**6,245**		5,287
Total assets less current liabilities			**40,575**		39,251
Creditors: Amounts falling due after more one year	**16**		**(1,250)**		-
Total assets less current liabilities			**39,325**		39,251
Funds:	**17**				
Unrestricted funds	**17&18**		**7,204**		8,538
Restricted funds (including revaluation reserve of £0.378m (2021: £0.551m))	**19&20**		**32,121**		30,713
Total Funds			**39,325**		39,251

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

Michael R Abbott	*Max Robinson*	*S J Hammersley*
M Abbott	M Robinson	S Hammersley
Chairman	**Trustee**	**Chief Executive**

Company Registration No: 07169875

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

Company balance sheet
As at 31 March 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Fixed assets					
Investments	**11**		**43**		43
			43		43
Current assets					
Cash at bank and in hand		-		-	
		-		-	
Creditors: Amounts falling due within one year		-		-	
Net current assets			-		-
Total assets less current liabilities			**43**		43
Funds:					
Unrestricted funds			**43**		43
Restricted funds			-		-
Total Funds			**43**		43

The company's net income for the year was £nil (2021: £nil).

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

Michael R Abbott	*John Edwards*	*S J Hammersley*
M Abbott	J Edwards	S Hammersley
Chairman	**Finance Committee Chairman**	**Chief Executive**

Company Registration No: 07169875

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

Consolidated statement of cash flows
For the year ended 31 March 2022

	2022 £000	2021 £000
Cash flows from operating activities		
Trading and donations		
Net income	**74**	550
Depreciation	**871**	885
Investment income included in investing activities	**(654)**	(361)
(Gain)/loss on disposal of fixed assets	**(101)**	2
Donation of property	**-**	(1,130)
Realised losses/(gains) on disposal of investments	**16**	(78)
Movement in fair value of investments	**256**	82
Net cash provided by/(used in) trading and donations	**462**	(50)
Working capital movements		
Decrease/(Increase) in housing stocks	**821**	(863)
Transfers from stock to tangible fixed assets	**(864)**	-
(Increase)/decrease in debtors	**(827)**	66
(Decrease)/increase in creditors	**(563)**	735
Net cash (used in) working capital movements	**(1,433)**	(62)
Net cash (used in) operating activities	**(971)**	(112)
Cash flows from investing and financing activities		
Tangible fixed assets		
Payments on additions of tangible fixed assets	**(1,211)**	(825)
Payments for land and construction of Middlefields House	**(1,132)**	(4,246)
Proceeds on disposal of tangible fixed assets	**985**	7
Net cash (used in) tangible fixed assets	**(1,358)**	(5,064)
Fixed asset investments		
Investment income received	**654**	361
Payments on additions of fixed asset investments	**-**	(37)
Proceeds on disposal of fixed asset investments	**814**	3,336
Net cash provided by fixed asset investments	**1,468**	3,660
Financing activities		
Proceeds from new loans	**2,675**	-
Repayment of borrowings	**(1,035)**	-
Net cash provided by financing activities	**1,640**	-
Net cash provided by/(used in) investing and financing activities	**1,750**	(1,404)
Net cash inflow/(outflow)	**779**	(1,516)
Cash and cash equivalents at 1 April 2021	**2,623**	4,139
Cash and cash equivalents at 31 March 2022	**3,402**	2,623

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

1. ACCOUNTING POLICIES

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

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

1a. Basis of accounting

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

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

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

1b. Consolidation

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

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

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

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

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

1c. Going concern

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

1. ACCOUNTING POLICIES (continued)

1d. Tangible fixed assets

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

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

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

1e. Investments

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

1f. Income

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

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

1g. Expenditure

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

1h. Governance costs

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

1. ACCOUNTING POLICIES (continued)

1i. Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustee for particular purposes. The aim and use of each designated fund are set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors. The aim and use of each restricted fund are set out in note 18 to the financial statements.

1j. Leases

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

1k. Pensions

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

1l. Stocks

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

1m. Debtors

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

1n. Cash and cash equivalents

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of opening of the deposit.

1o. Creditors and provisions

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

1p. Financial instruments

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

2. DONATIONS AND LEGACIES

	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000	Total 2021 £000
Donations	**179**	**97**	**276**	731
Gift of net assets from other entities	**-**	**-**	**-**	1,130
Legacies	**28**	**958**	**986**	521
	207	**1,055**	**1,262**	2,382

3. INCOME FROM INVESTMENTS

	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000	Total 2021 £000
Bank interest	**2**	**-**	**5**	11
Rental of investment properties	**-**	**68**	**68**	140
Overage receipt (note 28)	**-**	**584**	**584**	195
Dividends	**-**	**-**	**-**	15
	2	**652**	**654**	361

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000	Total 2021 £000
Care fees	**3,732**	**7,300**	**11,032**	10,063
Housing income	**334**	**698**	**1,032**	864
Extra Care Housing lease sales	**493**	**523**	**1,016**	659
Covid-19 LA care grants	**-**	**558**	**558**	688
	4,559	**9,079**	**13,638**	12,274

5. INCOME FROM OTHER SOURCES

	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000	Total 2021 £000
Gain on disposal of tangible fixed assets	**250**	**-**	**250**	-
Commercial trading operations	**6**	**-**	**6**	2
CBIL loan interest	**35**	**-**	**35**	-
Covid-19 grants: CJRS	**6**	**3**	**9**	29
	297	**3**	**300**	31

6. EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000	Total 2021 £000
Publicity and deputation	**22**	**3**	**25**	62

7. EXPENDITURE ON CHARITABLE ACTIVITIES

Activities split by fund:	Unrestricted Funds £000	Restricted Funds £000	Total 2022 £000	Total 2021 £000
Housing	**408**	**687**	**1,095**	985
Care	**4,726**	**7,279**	**12,005**	11,228
Cost of Extra Care leases sold	**493**	**523**	**1,016**	654
Education and training	**143**	**-**	**143**	209
Raising awareness	**77**	**-**	**77**	109
General support costs	**235**	**41**	**276**	360
	6,082	**8,530**	**14,612**	13,545
Depreciation and loss on disposal	**295**	**576**	**871**	887
	6,377	**9,106**	**15,483**	14,432

7. EXPENDITURE ON CHARITABLE ACTIVITIES (continued)

Analysis by activity:	Housing £000	Care £000	Extra care leases £000	Education & training £000	Raising awareness £000	General support £000	Total 2022 £000	Total 2021 £000
Salaries and wages	**418**	**7,780**	**-**	**82**	**27**	**1,493**	**9,800**	8,924
Food	**99**	**504**	**-**	**-**	**-**	**-**	**603**	565
Administrative expenses	**29**	**301**	**-**	**13**	**2**	**572**	**917**	919
Repairs and maintenance	**215**	**748**	**-**	**-**	**-**	**-**	**963**	834
Heat and light	**68**	**284**	**-**	**-**	**-**	**-**	**352**	300
Other expenses	**103**	**446**	**-**	**48**	**48**	**1**	**646**	1,039
Cost of Extra Care leases sold	**-**	**-**	**1,016**	**-**	**-**	**-**	**1,016**	654
Professional fees	**-**	**137**	**-**	**-**	**-**	**181**	**318**	278
Governance costs: audit fees	**-**	**-**	**-**	**-**	**-**	**36**	**36**	32
Allocated administrative costs	**163**	**1,805**	**-**	**-**	**-**	**(2,007)**	**(39)**	**-**
	1,095	**12,005**	**1,016**	**143**	**77**	**276**	**14,612**	13,545
Buildings depreciation	**171**	**493**		**-**	**-**	**-**	**664**	664
General depreciation	**22**	**154**		**-**	**-**	**31**	**207**	221
Loss on disposal	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(2)
	1,288	**12,652**	**1,016**	**143**	**77**	**307**	**15,483**	14,432

During the year the auditors were paid £23,000, including irrecoverable VAT, for non-audit services (2021: £14,000).

Support costs (less allocated administrative costs):

Staff costs	**1,493**	1,215
Depreciation	**31**	32
Loss on disposal	**-**	2
Professional fees	**217**	204
Other administrative expenses	**573**	488
	2,314	1,941

8. STAFF COSTS

	2022 £000	2021 £000
Wages and salaries	**8,005**	7,226
Redundancy costs	**-**	25
Social security costs	**550**	484
Pension costs	**282**	273
Agency staff costs	**963**	916
	9,800	8,924

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

	No	No
Homes	**469**	449
Head Office	**32**	29
	501	478

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

	No	No
Homes	**300**	284
Head Office	**32**	27
	332	311

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	**871**	885
(Gain)/loss on disposal of tangible fixed assets	**(250)**	2
Loan interest	**42**	-
Auditors' remuneration for audit services	**36**	32
Auditors' remuneration for other services	**23**	14

10. TANGIBLE FIXED ASSETS

	Freehold and leasehold properties £000	Assets in the course of construction £000	Furniture, fittings and equipment £000	Motor vehicles £000	Total £000
Cost					
As at 1 April 2021	**32,152**	**4,919**	**1,860**	**105**	**39,036**
Additions	**646**	**1,132**	**542**	**23**	**2,343**
Disposals	**(996)**	**-**	**(118)**	**(20)**	**(1,134)**
Transfer from stock	**864**	**-**	**-**	**-**	**864**
Transfer	**6,051**	**(6,051)**	**-**	**-**	**-**
As at 31 March 2022	**38,717**	**-**	**2,284**	**108**	**41,109**
Depreciation					
As at 1 April 2021	**6,597**	**-**	**1,132**	**62**	**7,791**
Charge for the year	**664**	**-**	**181**	**26**	**871**
Released on disposals	**(121)**	**-**	**(109)**	**(20)**	**(250)**
As at 31 March 2022	**7,140**	**-**	**1,204**	**68**	**8,412**
Net book value					
As at 31 March 2022	**31,577**	**-**	**1,080**	**40**	**32,697**
As at 31 March 2021	25,555	4,919	728	43	31,245

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

	2022 £000	2021 £000
Pilgrims' Friend Society		
Freehold property:		
Bethany Christian Home, Plymouth	**589**	584
Ernest Luff Care Home, Walton-on-the-Naze	**2,223**	2,078
Ernest Luff House, Walton-on-the-Naze	**1,576**	1,552
Emmaus Care Home, Harrogate	**877**	877
Permanent landscape, Ernest Luff Care Home	**34**	34
Florence House, Peterborough	**-**	652
Carey Gardens, Kirby Muxloe	**1,130**	1,130
	6,429	6,907
Strathclyde House Trust		
Freehold property:		
Strathclyde House, Skelmorlie	**1,711**	903
Carried forward	**8,140**	7,810

10. TANGIBLE FIXED ASSETS (continued)

	2022 £000	2021 £000
Pilgrim Homes Trust		
Freehold property:		
Dorothea Court, Bedford	**4,398**	4,379
Leonora Home, Chippenham	**327**	327
Middlefields House Chippenham	**7,366**	-
Great Finborough Home	**1,803**	1,674
Great Finborough Housing	**2,542**	2,437
Evington Home, Leicester	**2,263**	2,208
Shottermill Home, Haslemere	**1,498**	1,459
Milward Home, Tunbridge Wells	**1,384**	1,290
Wantage Home	**1,703**	1,588
Royd Court, Mirfield	**3,448**	3,484
Pilgrim Gardens, Evington, Leicester	**2,081**	2,081
Land at Churston Ferrers	**-**	60
Redbourn retirement flats	**1,300**	1,300
Brighton Home (at deemed cost)	**464**	464
	30,577	22,751
Assets in the course of construction (including land already purchased):		
Middlefields House Chippenham	**-**	6,367
	30,577	29,118
Long leasehold property:		
Crosfield Court, Watford	**-**	143
	30,577	29,261
Brought forward from previous page	**8,140**	7,810
Total properties and assets in the course of construction	**38,717**	37,071

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

	£000
Pilgrim Homes Trust	
Gain on disposal of Land at Churston Ferrers	**180**
Loss on disposal of Crosfield Court, Watford	**(25)**
Loss on disposal of equipment, fixtures and furniture	**(6)**
	149
Pilgrim's Friend Society	
Gain on disposal of Florence House	**63**
Strathclyde House Trust	
Gain on disposal of Flats 8 and 17	**38**
	250

11. INVESTMENTS - GROUP

	Investment properties £000
Valuation	
As at 1 April 2021	**2,719**
Additions	**-**
Disposals	**(830)**
Revaluation	**(256)**
As at 31 March 2022	**1,633**
Held by	
Restricted funds	**1,633**
Historic cost	
As at 31 March 2022	**1,254**

Investment properties comprise the following:

	2022 £000	2021 £000
At market value:		
No's 12 and 16 Harding Close, Redbourn (sold during the year)	**-**	830
House on Pilgrims' Way, Great Finborough	**280**	238
60 Royd Court, Mirfield	**210**	199
90a Wood Lane, Chippenham	**224**	324
90 Wood Lane, Chippenham	**212**	308
92 Wood Lane, Chippenham	**327**	475
House on Liphook Road, Haslemere	**380**	345
	1,633	2,719

The investment properties were revalued at the open market value as at 31 March 2022 by the Director of Property Services, Andy Walsh ARIBA.

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

	£000
Realised loss on sale of Redbourn flats	**(15)**
Revaluation of investment properties	**(257)**
	(272)

12. INVESTMENTS – COMPANY ONLY

	2022 £000	2021 £000
Investment in PFG Trading Ltd	**43**	43
	43	43

13. STOCK

	2022 £000	2021 £000
Stock of flats held for resale (see below)	**1,780**	2,603
Preliminary costs of new building	**60**	58
Stock of books	**15**	15
	1,855	2,676

	Strathclyde House		*Royd Court*		*Pilgrim Gardens*		
	Number No	Cost £000	Number No	Cost £000	Number No	Cost £000	Total £000
As at 1 April 2021	**16**	**1,281**	**5**	**613**	**5**	**709**	**2,603**
Sold	**(5)**	**(493)**	**(4)**	**(523)**	**-**	**-**	**(1,016)**
Transferred to fixed assets	**(11)**	**(864)**	**-**	**-**	**-**	**-**	**(864)**
Bought back	**4**	**414**	**5**	**643**	**-**	**-**	**1,057**
As at 31 March 2022	**4**	**338**	**6**	**733**	**5**	**709**	**1,780**

Contingent liabilities on housing stock

Under the terms of the sale of properties at Strathclyde House, the Strathclyde House Trust has the right of first refusal when freehold flats are offered for sale and it is the practice of the charity to exercise that right to maintain the ethos and atmosphere on the site. The total potential value of the flats not held by the charity at 31 March 2022 is £3.8 million.

Under the terms of the sale of leases at Royd Court, Pilgrim Homes Trust is committed to repurchase leases should leaseholders cease to be residents. The total potential value of the flats not held in stock at 31 March 2022 is £3.45 million.

Under the terms of the sale of leases at Pilgrim Gardens, Pilgrim Homes Trust is committed to repurchase leases should leaseholders cease to be residents. The total potential value of the flats not held in stock at 31 March 2021 is £1.31 million.

14. DEBTORS AND PREPAYMENTS

	2022 £000	2021 £000
Arrears of local authority and residents' contribution	**315**	161
Amounts owed from Pilgrim Gardens service charge	**116**	80
Amounts owed from Royd Court service charge	**111**	72
Amounts owed from Strathclyde service charge	**60**	151
Other debtors and prepayments	**2,150**	1,461
	2,752	1,925

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

	2022 £000	2021 £000
Short terms loans	**425**	-
Trade creditors	**152**	322
Taxation and social security	**127**	119
Other creditors and accruals	**1,060**	1,496
	1,764	1,937

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

	2022 £000	2021 £000
Bank loans	**1,250**	-

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

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Funds £000	Designated Funds £000	Restricted Funds £000	Total Funds £000
2022				
Fixed assets				
Tangible	**5,784**	**1,481**	**25,432**	**32,697**
Investments	**-**	**-**	**1,633**	**1,633**
Current assets	**2,512**	**441**	**5,056**	**8,009**
Current liabilities	**(1,744)**	**(20)**	**-**	**(1,764)**
Non-current liabilities	**(1,250)**	**-**	**-**	**(1,250)**
Total Net Assets	**5,302**	**1,902**	**32,121**	**39,325**
2021				
Fixed assets				
Tangible	5,960	664	24,621	31,245
Investments	-	-	2,719	2,719
Current assets	2,249	1,602	3,373	7,224
Current liabilities	(1,724)	(213)	-	(1,937)
Total Net Assets	6,485	2,053	30,713	39,251

18. DESIGNATED FUNDS

	Brought forward at 1 April 2021 £000	Income £000	Expenditure £000	Net assets gifted/ transfers £000	Carried forward at 31 March 2022 £000
2022					
Strathclyde House Trust	**2,053**	**676**	**(827)**	**-**	**1,902**
	2,053	**676**	**(827)**	**-**	**1,902**
2021					
Futures Fund	199	218	(263)	(154)	-
Strathclyde House Trust	2,113	613	(673)	-	2,053
	2,312	831	(936)	(154)	2,053

19. a) RESTRICTED FUNDS – PILGRIM HOMES

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

19. b) RESTRICTED FUNDS – GENERAL

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

19. c) RESTRICTED FUNDS – HOMES VOLUNTARY SUPPORT FUNDS

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

20. a) RESTRICTED FUNDS – PILGRIM HOMES

2021	Brought forward at 1 April 2020 £000	Income £000	Expenditure £000	Revaluations and transfers £000	Carried forward at 31 March 2021 £000
Funds restricted by Pilgrim Homes articles:					
General unrestricted funds					
Pilgrim Homes Fund	8,386	8,542	(8,094)	(5,580)	3,254
Designated Funds					
Operational Assets Equity Fund	15,992	-	-	7,914	23,906
Operational Risk Reserve	1,030	-	-	-	1,030
Property Emergency Repair Fund	50	-	-	-	50
Futures Fund	2,338	-	-	(2,338)	-
Total designated funds restricted by Pilgrim Homes articles	19,410	-	-	5,576	24,986
Pilgrim Homes Restricted Funds					
St Albans Home	441	-	-	-	441
Lucy McNeil Home	1,849	-	-	-	1,849
Homes Voluntary Support Funds (see note 19c)	66	36	(14)	-	88
Total restricted funds restricted by Pilgrim Homes articles	2,356	36	(14)	-	2,378
Total restricted funds – Pilgrim Homes	30,152	8,578	(8,108)	(4)	30,618

20. b) RESTRICTED FUNDS – GENERAL

NYCC Grant	1	-	-	-	1
Faith in Later Life	41	84	(125)	-	-
Homes Voluntary Support Funds (see note 19c)	7	4	(3)	-	8
Local Homes Project Funds	15	-	-	-	15
Carey Gardens	-	65	-	-	65
Covid-19 LA Grants Fund	-	688	(688)	-	-
Dementia Fund	4	2	-	-	6
Total restricted funds - general	68	843	(816)	-	95
Total restricted funds	30,220	9,421	(8,924)	(4)	30,713

20. c) RESTRICTED FUNDS – HOMES VOLUNTARY SUPPORT FUNDS

2021	Brought forward at 1 April 2020 £000	Income £000	Expenditure £000	Revaluations and transfers £000	Carried forward at 31 March 2021 £000
Funds restricted by Pilgrim Homes articles:					
Chippenham	1	4	(2)	-	3
Great Finborough	24	10	-	-	34
Evington	17	9	(11)	-	15
Tunbridge Wells	3	2	-	-	5
Wantage	3	7	-	-	10
Shottermill	18	3	(1)	-	20
Bedford	-	1	-	-	1
Total funds restricted by Pilgrim Homes articles	66	36	(14)	-	88
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	73	40	(17)	-	96

21. FURTHER DETAILS ABOUT RESTRICTED AND DESIGNATED FUNDS

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

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

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

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

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 last year to meet the costs of the Middlefields development.

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

St Albans and Lucy McNeil Home Funds
These funds relate to the receipt of donations and the proceeds of various fundraising activities for the purpose of establishing new homes.

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

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

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

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

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

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

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

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

22. LEASING COMMITMENTS

Operating leases
The charitable company's total future minimum lease payments under operating leases at 31 March 2022 were payable as set out below:

	2022 £000	2021 £000
Within one year	**38**	95
Within two to five years	**84**	-
	122	95

The operating lease charges for the year were:

	2022 £000	2021 £000
Land and buildings	**88**	85
Hire of plant and machinery	**85**	101
	173	186

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

23. PENSION COMMITMENTS

The pension cost charge represents contributions payable by the group to the pension funds. There were contributions of £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.

24. CAPITAL COMMITMENTS

The subsidiary company, PFG Trading Ltd, has engaged Midas Construction Limited as sub-contractor for the development at Middlefields, a site in Chippenham, and entered into a building contract sum of £5,403,109 in 2019-20. At the year end there was £141,893 outstanding, which has yet to be invoiced.

25. CONTINGENT LIABILITITY

A gift of £500,000 was made to Strathclyde House Trust by the Souter Charitable Trust in June 2019. This gift was made subject to a repayment clause which stated that in the event that Strathclyde House was to be disposed of by the charity within a period of the ten years commencing 3 June 2019, Strathclyde House Trust would be obliged to repay a proportion of the gift to the Souter Charitable Trust. The amount due to be repaid reduces by £50,000 for each complete year that Strathclyde House is owned by the Pilgrim Friends Group. At the date of these accounts, the maximum repayment due would be £400,000. The Pilgrim Friends Group has no plans to dispose of Strathclyde House.

26. RELATED PARTY TRANSACTIONS

Details of trustees' and key management personnel and remuneration are disclosed in note 8 to the financial statements.

27. LIFE TENANCY

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

28. WELLSBOROUGH OVERAGE RECEIPT

An overage agreement entered into on the sale of the site of the former Wellsborough Care Home has resulted in a cash receipt of £584,000 (2021: £195,000) which has been recognised as income in the statement of financial activities. This is the final amount to be received under the terms of the agreement.

29. CHURSTON FERRERS OVERAGE

The sale of the land at Churston Ferrers included an overage agreement stating that Pilgrim Homes Trust will receive payment if planning permission is granted on the land disposed of within the next 30 years.

30. COMPANY LIMITED BY GUARANTEE

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

31. POST BALANCE SHEET EVENTS

The group 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 Pilgrims' Friend Society.

The Leonora care home plus the three neighbouring investment properties in Chippenham have been put up for sale for £1,280,000.

DIRECTORS AND TRUSTEES

Alan Copeman (Chairman until 31 March 2022)
John Edwards
Michael Abbott (Chairman from 1 April 2022)
Max Robinson
Genefer Espejo
Dr Judy McLaren
Bryan Jarvis (Vice-Chairman)
Andrew Symonds (Vice-Chairman)
Sheila Warnes
Robin Turnbull
Philip Oliver

COMPANY SECRETARY

Debbie Buggs

REGISTERED OFFICE

175 Tower Bridge Road
London
SE1 2AL

COMPANY NUMBER 07169875
CHARITY NUMBER 1134979

BANKERS

Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

AUDITORS

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

KEY MANAGEMENT PERSONNEL

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

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

OPINION

We have audited the financial statements of The Pilgrims Friend Group (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the consolidated Statement of Financial Activities, the consolidated and company's Balance Sheets, the consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the charitable company's affairs as at 31 March 2022 and of the group's incoming resources and application of resources, including the group income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and the strategic report included within the trustees' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement set out in the trustees' report, the trustees' (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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.

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.

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

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

P Newton

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

Chartered Accountants
Statutory Auditor

Date: 25 July 2022

JCS ACCOUNTANTS

5 Robin Hood Lane
Sutton
Surrey
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Pilgrims' Friend Society Group

England & Wales - Charity number 1134979

Accounts

THE PILGRIMS FRIEND GROUP

Group Financial Statements
For the year ended 31 March 2021

COMPANY NUMBER 07169875
CHARITY NUMBER 1134979

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Trustees' report

The trustees present their report, together with the financial statements of the group 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. The statutory information is listed on page 32.

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 PPE (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 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.

Strengthening our organisation

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:

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.

- 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.

During the year we also publicly welcomed Koinonia, a Christian home in Worthing, into the PFS family with the plan to work with its trustees to establish a new home, to the Renewal Programme design, in the South Coast area. This will allow us to replace the capacity we lost when we had to close our home in Brighton in 2019.

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.

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; room refurbishments and a major upgrade to the restaurant area at Strathclyde House; 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.

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 on 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. Further, there was an understandable reluctance of people to move into care when doing so meant a period of isolation and restricted visiting. These two factors explains 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.

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.

Other significant matters

We took on an independent living complex, Carey Gardens, which is shown as a donation of £1.1m and results in an increase in assets owned by the Group. In order to fund the Middlefields home we liquidated our investment portfolio held at Rathbones (valued at £2.0m at the start of the year with a gain of £0.1m, and we sold some of the properties at Redbourne which has resulted in a loss of £0.1.m being recognised (some of this as realised losses on sales and some as a result of downward revaluations on the properties still held at the year end). We received £0.2m pursuant to an overage clause on the grant of planning to the new owners of the Wellesborough home site.

Overall Performance excluding Strathclyde House

The key measure of performance used in the charity's management accounts is its earnings before interest, tax, depreciation amortisation and rent (EBITDAR).

EBITDAR for the year is reported as £1,435,000.

Excluding the gift of Carey Gardens, the net result is that the underlying EBITDAR excluding Strathclyde House was £365,000.

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 while transacting business 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 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.

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. Pilgrim Homes (charity no. 242266)
    b. Pilgrims' Friend Society (charity no. 1045920, company no. 3027071)
    c. Pilgrim Homes Trust (charity no. 1183226, company no. 11685624)
    d. Strathclyde House Trust – (charity no. SC025550, company no. SC169848)
3. PFG Trading Limited - a limited company
4. Aged Pilgrims' Friend Society Trust Limited - a limited company which holds title to the properties owned by Pilgrim Homes Trust.

Investment policy

These accounts include £2.7 million of investments which are properties owned by Pilgrim Homes which are not suitable to be let to beneficiaries of the Charity and are therefore let as investments to third parties. Some of these properties are close to, or indeed within the curtilage of our care homes and such properties are therefore difficult to dispose of and are, where possible, let to staff members.

The cost of the Renewal Programme at Chippenham (building Middlefields House) has been funded to date by the sale of investments, investing surplus cash reserves, and the sale of property. 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 group expects to continue to raise most of its income from fees charged to residents of its homes and by charges for its housing. The Renewal Programme will be funded by borrowing, social investment, the sale of some property assets and donations.

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 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.

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 £39,251,000 at the year end. Restricted funds account for £30,713,000 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, £6,624,000 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 £354,000 a shortfall of £646,000 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 and the current strategic plan. Trustee performance is subject to an annual review by the Chairman.

Section 172 statement

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

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

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of The Pilgrims Friend Group for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the directors' report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable group and of the income and expenditure of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF DISCLOSURE TO AUDITOR

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

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

	Note	2021 Unrestricted Funds £000	2021 Restricted Funds £000	2021 Total £000	2020 Unrestricted Funds £000	2020 Restricted Funds £000	2020 Total £000
Income from:							
Donations and legacies	2	**1,650**	**732**	**2,382**	2,435	1,225	3,660
Investments	3	**48**	**313**	**361**	38	162	200
Charitable activities	4	**3,919**	**8,355**	**12,274**	3,970	8,984	12,954
Other trading activities		**2**	**-**	**2**	20	-	20
Other income – Covid grants		**8**	**21**	**29**	-	-	-
Total income		**5,627**	**9,421**	**15,048**	6,463	10,371	16,834
Expenditure on:							
Raising funds	5	**29**	**33**	**62**	27	7	34
Charitable activities	6	**5,541**	**8,891**	**14,432**	4,722	9,593	14,315
Total expenditure		**5,570**	**8,924**	**14,494**	4,749	9,600	14,349
Net losses on investments	10	**-**	**(4)**	**(4)**	-	(180)	(180)
Net income	8	**57**	**493**	**550**	1,714	591	2,305
Transfers between funds		**-**	**-**	**-**	(385)	385	-
Net movement in funds		**57**	**493**	**550**	1,329	976	2,305
Reconciliation of funds							
Total funds brought forward		**8,481**	**30,220**	**38,701**	7,152	29,244	36,396
Total funds carried forward		**8,538**	**30,713**	**39,251**	8,481	30,220	38,701

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

The notes on pages 13 to 31 form part of these financial statements.

Consolidated balance sheet
As at 31 March 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Tangible assets	**9**		**31,245**		25,938
Investments	**10**		**2,719**		6,022
			33,964		31,960
Current assets					
Stock	**12**	**2,676**		1,813	
Debtors and prepayments	**13**	**1,925**		1,991	
Cash equivalents on deposit		**-**		1,101	
Cash at bank and in hand		**2,623**		3,038	
		7,224		7,943	
Creditors: Amounts falling due within one year	**14**	**(1,937)**		(1,202)	
Net current assets			**5,287**		6,741
Total assets less current liabilities			**39,251**		38,701
Funds:	**15**				
Unrestricted funds	**15&16**		**8,538**		8,481
Restricted funds (including revaluation reserve of £0.551m (2020: £1.265m))	**17**		**30,713**		30,220
Total Funds			**39,251**		38,701

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

A Copeman	*J Edwards*	*S Hammersley*
A R Copeman	J Edwards	S Hammersley
Chairman	**Finance Committee Chairman**	**Chief Executive**

Company Registration No: 07169875

The notes on pages 13 to 31 form part of these financial statements.

Company balance sheet
As at 31 March 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Investments	**11**		**43**		43
			43		43
Current assets					
Cash at bank and in hand		-		-	
		-		-	
Creditors: Amounts falling due within one year		-		-	
Net current assets			-		-
Total assets less current liabilities			**43**		43
Funds:					
Unrestricted funds			**43**		43
Restricted funds			-		-
Total Funds			**43**		43

The company's net income for the year was £nil (2020: £nil).

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

A Copeman	*J Edwards*	*S Hammersley*
A R Copeman	J Edwards	S Hammersley
Chairman	**Finance Committee Chairman**	**Chief Executive**

Company Registration No: 07169875

The notes on pages 13 to 31 form part of these financial statements.

Consolidated statement of cash flows
For the year ended 31 March 2021

	2021 £000	2020 £000
Cash flows from operating activities		
Trading and donations		
Net income	**550**	2,305
Depreciation	**885**	937
Investment income included in investing activities	**(361)**	(200)
Loss/(gain) on disposal of fixed assets	**2**	(2)
Donation of property	**(1,130)**	-
Realised losses/(gains) on disposal of investments	**(78)**	(25)
Movement in fair value of investments	**82**	205
Net cash (used in)/provided by trading and donations	**(50)**	3,220
Working capital movements		
(Increase) in housing stocks	**(863)**	(1,019)
(Increase) in debtors	**66**	(1,057)
Increase in creditors	**735**	289
Net cash (used in) working capital movements	**(62)**	(1,787)
Net cash provided by operating activities	**(112)**	1,433
Cash flows from investing activities		
Tangible fixed assets		
Payments on additions of tangible fixed assets	**(825)**	(795)
Payments for land and construction of Middlefields House	**(4,246)**	(2,126)
Proceeds on disposal of tangible fixed assets	**7**	13
Gifted by Strathclyde House Trust	**-**	(642)
Net cash (used in) tangible fixed assets	**(5,064)**	(3,550)
Fixed asset investments		
Investment income received	**361**	200
Payments on additions of fixed asset investments	**(37)**	(701)
Proceeds on disposal of fixed asset investments	**3,336**	670
Net cash provided by fixed asset investments	**3,660**	169
Net cash (used in) investing activities	**(1,404)**	(3,381)
Net cash (outflow)	**(1,516)**	(1,948)
Cash and cash equivalents at 1 April 2020	**4,139**	6,087
Cash and cash equivalents at 31 March 2021	**2,623**	4,139

The notes on pages 13 to 31 form part of these financial statements.

1. ACCOUNTING POLICIES

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

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

1a. Basis of accounting

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

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

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

1b. Consolidation

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

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

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

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

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

1c. Going concern

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

1. ACCOUNTING POLICIES (continued)

1d. Tangible fixed assets

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

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

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

1e. Investments

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

1f. Income

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

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

1g. Expenditure

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

1h. Governance costs

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

1. ACCOUNTING POLICIES (continued)

1i. Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustee for particular purposes. The aim and use of each designated fund are set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors. The aim and use of each restricted fund are set out in note 18 to the financial statements.

1j. Leases

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

1k. Pensions

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

1l. Stocks

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

1m. Debtors

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

1n. Cash and cash equivalents

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of opening of the deposit.

1o. Creditors and provisions

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

1p. Financial instruments

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

2. DONATIONS AND LEGACIES

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
Donations	**538**	**193**	**731**	391
Gift of net assets from other entities	**1,065**	**65**	**1,130**	2,228
Legacies	**47**	**474**	**521**	1,041
	1,650	**732**	**2,382**	3,660

3. INCOME FROM INVESTMENTS

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
Bank interest	**4**	**7**	**11**	24
Rental of investment properties	**44**	**96**	**140**	131
Overage receipt (note 26)	**-**	**195**	**195**	-
Dividends	**-**	**15**	**15**	45
	48	**313**	**361**	200

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**	10,781
Housing income	**174**	**690**	**864**	959
Extra Care Housing lease sales	**539**	**120**	**659**	1,214
Covid-19 LA care grants	**-**	**688**	**688**	-
	3,919	**8,355**	**12,274**	12,954

5. EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
Publicity and deputation	**29**	**33**	**62**	34

6. EXPENDITURE ON CHARITABLE ACTIVITIES

Activities split by fund:	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
Housing	**163**	**822**	**985**	1,011
Care	**4,005**	**7,223**	**11,228**	10,623
Cost of Extra Care leases sold	**534**	**120**	**654**	1,203
Education and training	**133**	**76**	**209**	184
Raising awareness	**84**	**25**	**109**	95
General support costs	**307**	**53**	**360**	264
	5,226	**8,319**	**13,545**	13,380
Depreciation and loss on disposal	**315**	**572**	**887**	935
	5,541	**8,891**	**14,432**	14,315

6. EXPENDITURE ON CHARITABLE ACTIVITIES (continued)

Analysis by activity:	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	**326**	**7,287**	**-**	**71**	**25**	**1,215**	**8,924**	8,598
Food	**99**	**466**	**-**	**-**	**-**	**-**	**565**	614
Administrative expenses	**35**	**392**	**-**	**4**	**-**	**488**	**919**	770
Repairs and maintenance	**220**	**614**	**-**	**-**	**-**	**-**	**834**	762
Heat and light	**51**	**249**	**-**	**-**	**-**	**-**	**300**	333
Other expenses	**99**	**722**	**-**	**134**	**84**	**-**	**1,039**	789
Cost of Extra Care leases sold	**-**	**-**	**654**	**-**	**-**	**-**	**654**	1,203
Professional fees	**-**	**106**	**-**	**-**	**-**	**177**	**283**	283
Governance costs: audit fees	**-**	**-**	**-**	**-**	**-**	**27**	**27**	28
Allocated administrative costs	**155**	**1,392**	**-**	**-**	**-**	**(1,547)**	**-**	-
	985	**11,228**	**654**	**209**	**109**	**360**	**13,545**	13,380
Buildings depreciation	**211**	**453**		**-**	**-**	**-**	**664**	703
General depreciation	**26**	**163**		**-**	**-**	**32**	**221**	234
Loss/(gain) on disposal	**-**	**-**	**-**	**-**	**-**	**2**	**2**	(2)
	1,222	**11,844**	**654**	**209**	**109**	**394**	**14,432**	14,315

During the year the auditors were paid £14,000 for non-audit services (2020: £52,000).

Support costs (less allocated administrative costs):

Staff costs	**1,215**	1,145
Depreciation	**32**	38
Loss/(gain) on disposal	**2**	(7)
Professional fees	**204**	214
Other administrative expenses	**488**	477
	1,941	1,867

7. STAFF COSTS

	2021 £000	2020 £000
Wages and salaries	**7,226**	7,146
Redundancy costs	**25**	60
Social security costs	**484**	456
Pension costs	**273**	266
Agency staff costs	**916**	670
	8,924	8,598

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

	No	No
Homes	**449**	472
Head Office	**29**	28
	478	500

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

	No	No
Homes	**284**	290
Head Office	**27**	25
	311	315

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 business.

The total aggregate remuneration of Key Management Personnel for the year was £472,483 (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	**885**	937
Loss on disposal	**2**	(2)
Auditors' remuneration for audit services	**32**	31
Auditors' remuneration for other services	**14**	52

9. TANGIBLE FIXED ASSETS

	Freehold and leasehold properties £000	Assets in the course of construction £000	Furniture, fittings and equipment £000	Motor vehicles £000	Total £000
Cost					
As at 1 April 2020	**30,173**	**806**	**1,833**	**105**	**32,917**
Additions	**1,979**	**4,113**	**109**	**-**	**6,201**
Disposals	**-**	**-**	**(82)**	**-**	**(82)**
As at 31 March 2021	**32,152**	**4,919**	**1,860**	**105**	**39,036**
Depreciation					
As at 1 April 2020	**5,935**	**-**	**1,004**	**40**	**6,979**
Charge for the year	**662**	**-**	**201**	**22**	**885**
Released on disposals	**-**	**-**	**(73)**	**-**	**(73)**
As at 31 March 2021	**6,597**	**-**	**1,132**	**62**	**7,791**
Net book value					
As at 31 March 2021	**25,555**	**4,919**	**728**	**43**	**31,245**
As at 31 March 2020	24,238	806	829	65	25,938

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

	2021 £000	2020 £000
Pilgrims' Friend Society		
Freehold property:		
Bethany Christian Home, Plymouth	**584**	576
Ernest Luff Care Home, Walton-on-the-Naze	**2,078**	1,840
Ernest Luff House, Walton-on-the-Naze	**1,552**	1,545
Emmaus Care Home, Harrogate	**877**	869
Permanent landscape, Ernest Luff Care Home	**34**	34
Florence House, Peterborough	**652**	621
Carey Gardens, Kirby Muxloe	**1,130**	-
	6,907	5,485
Strathclyde House Trust		
Freehold property:		
Strathclyde House, Skelmorlie	**903**	841
Carried forward	**7,810**	6,326

9. TANGIBLE FIXED ASSETS (continued)

	2021 £000	2020 £000
Pilgrim Homes Trust		
Freehold property:		
Dorothea Court, Bedford	**4,379**	4,363
Leonora Home, Chippenham	**327**	327
Great Finborough Home	**1,674**	1,727
Great Finborough Housing	**2,437**	2,389
Evington Home, Leicester	**2,208**	2,159
Shottermill Home, Haslemere	**1,459**	1,399
Milward Home, Tunbridge Wells	**1,290**	1,255
Wantage Home	**1,588**	1,558
Royd Court, Mirfield	**3,484**	3,440
Pilgrim Gardens, Evington, Leicester	**2,081**	2,081
Land at Churston Ferrers	**60**	60
Redbourn retirement flats	**1,300**	1,300
Brighton Home (at deemed cost)	**464**	464
	22,751	22,522
Assets in the course of construction (including land already purchased):		
Middlefields House Chippenham	**6,367**	1,988
	29,118	24,510
Long leasehold property:		
Crosfield Court, Watford	**143**	143
	29,261	24,653
Brought forward from previous page	**7,810**	6,326
Total properties and assets in the course of construction	**37,071**	30,979

10. INVESTMENTS - GROUP

	Listed investments	Investment properties	Total
	£000	£000	£000
Valuation			
As at 1 April 2020	**1,925**	**4,097**	**6,022**
Additions	**33**	**4**	**37**
Disposals	**(1,958)**	**(1,300)**	**(3,258)**
Revaluation	**-**	**(82)**	**(82)**
As at 31 March 2021	**-**	**2,719**	**2,719**
Held by			
Restricted funds	**-**	**2,719**	**2,719**
Historic cost			
As at 31 March 2021	**-**	**2,167**	**2,167**

Investment properties comprise the following:

	2021	2020
	£000	£000
At market value:		
No's 8,10,12, 14 and 16 Harding Close, Redbourn (8, 10 and 14 sold during the year)	**830**	**2,175**
House on Pilgrims' Way, Great Finborough	**238**	**225**
60 Royd Court, Mirfield	**199**	**186**
90a Wood Lane, Chippenham	**324**	**355**
90 Wood Lane, Chippenham	**308**	**357**
92 Wood Lane, Chippenham	**475**	**472**
House on Liphook Road, Haslemere	**345**	**327**
	2,719	**4,097**

The investment properties were revalued at the open market value as at 31 March 2021 by the Director of Property Services, Andy Walsh ARIBA.

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

	£000
Realised loss of sale of Redbourn flats	**(61)**
Realised gain on sale of listed investments	**139**
Revaluation of investment properties	**(82)**
	(4)

11. INVESTMENTS – COMPANY ONLY

	2021	2020
	£000	£000
Investment in PFG Trading Ltd	**43**	43
	43	43

12. STOCK

	2021 £000	2020 £000
Stock of flats held for resale (see below)	**2,603**	1,798
Preliminary costs of new building	**58**	-
Stock of books	**15**	15
	2,676	1,813

	Strathclyde House		*Royd Court*		*Pilgrim Gardens*		
	Number	**Cost**	**Number**	**Cost**	**Number**	**Cost**	**Total**
	No	**£000**	**No**	**£000**	**No**	**£000**	**£000**
As at 1 April 2020	**13**	**1,021**	**3**	**351**	**3**	**426**	**1,798**
Sold	**(5)**	**(534)**	**(1)**	**(120)**	**-**	**-**	**(654)**
Bought back	**8**	**794**	**2**	**382**	**2**	**283**	**1,459**
As at 31 March 2021	**16**	**1,281**	**4**	**613**	**5**	**709**	**2,603**

Contingent liabilities on housing stock

Under the terms of the sale of properties at Strathclyde House, the Strathclyde House Trust has the right of first refusal when freehold flats are offered for sale and it is the practice of the charity to exercise that right to maintain the ethos and atmosphere on the site. The total potential value of the flats not held in stock at 31 March 2021 is £3.5 million.

Under the terms of the sale of leases at Royd Court, Pilgrim Homes Trust is committed to repurchase leases should leaseholders cease to be residents. The total potential value of the flats not held in stock at 31 March 2021 is £3.45 million.

Under the terms of the sale of leases at Pilgrim Gardens, Pilgrim Homes Trust is committed to repurchase leases should leaseholders cease to be residents. The total potential value of the flats not held in stock at 31 March 2021 is £1.58 million.

13. DEBTORS AND PREPAYMENTS

	2021 £000	2020 £000
Arrears of local authority and residents' contribution	**161**	344
Amounts owed from Pilgrim Gardens service charge	**80**	1
Amounts owed from Royd Court service charge	**72**	7
Amounts owed from Strathclyde service charge	**151**	482
Other debtors and prepayments	**1,461**	1,157
	1,925	1,991

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

	2021 £000	2020 £000
Residents' contributions in advance	-	2
Trade creditors	322	501
Taxation and social security	119	72
Other creditors and accruals	1,496	627
	1,937	1,202

Included within other creditors is a £200,000 loan from the Souter Charitable Trust to Strathclyde House Trust which was given to assist with the buy back of flats. It is repayable at 4% above base rate and is repayable when the flats are resold. The loan is secured on flats 15, 61 and 62 at Strathclyde House, which have an estimated market value of £240,000.

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Funds £000	Designated Funds £000	Restricted Funds £000	Total Funds £000
2021				
Fixed assets				
Tangible	5,960	664	24,621	31,245
Investments	-	-	2,719	2,719
Current assets	2,249	1,602	3,373	7,224
Current liabilities	(1,724)	(213)	-	(1,937)
Total Net Assets	6,485	2,053	30,713	39,251
2020				
Fixed assets				
Tangible	6,545	825	18,568	25,938
Investments	-	-	6,022	6,022
Current assets	816	1,497	5,630	7,943
Current liabilities	(1,192)	(10)	-	(1,202)
Total Net Assets	6,169	2,312	30,220	38,701

16. DESIGNATED FUNDS

	Brought forward at 1 April 2020 £000	Income £000	Expenditure £000	Net assets gifted/ transfers £000	Carried forward at 31 March 2021 £000
2021					
Futures Fund	199	218	(263)	(154)	-
Strathclyde House Trust	2,113	613	(673)	-	2,053
	2,312	831	(936)	(154)	2,053
2020					
Futures Fund	248	47	(96)	-	199
Strathclyde House Trust	-	466	(581)	2,228	2,113
	248	513	(677)	2,228	2,312

17. a) RESTRICTED FUNDS – PILGRIM HOMES

2021 **Funds restricted by Pilgrim Homes articles:**	Brought forward at 1 April 2020 £000	Income £000	Expenditure £000	Revaluations and transfers £000	Carried forward at 31 March 2021 £000
General unrestricted funds					
Pilgrim Homes Fund	8,386	8,542	(8,094)	(5,580)	3,254
Designated Funds					
Operational Assets Equity Fund	15,992	-	-	7,914	23,906
Operational Risk Reserve	1,030	-	-	-	1,030
Property Emergency Repair Fund	50	-	-	-	50
Futures Fund	2,338	-	-	(2,338)	-
Total designated funds restricted by Pilgrim Homes articles	19,410	-	-	5,576	24,986
Pilgrim Homes Restricted Funds					
St Albans Home	441	-	-	-	441
Lucy McNeil Home	1,849	-	-	-	1,849
Homes Voluntary Support Funds (see note 16c)	66	36	(14)	-	88
Total restricted funds restricted by Pilgrim Homes articles	2,356	36	(14)	-	2,378
Total restricted funds – Pilgrim Homes	30,152	8,578	(8,108)	(4)	30,618

17. 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	4	2	-	-	6
Total restricted funds - general	68	843	(816)	-	95
Total restricted funds	30,220	9,421	(8,924)	(4)	30,713

17. c) RESTRICTED FUNDS – HOMES VOLUNTARY SUPPORT FUNDS

2021	Brought forward at 1 April 2020 £000	Income £000	Expenditure £000	Revaluations and transfers £000	Carried forward at 31 March 2021 £000
Funds restricted by Pilgrim Homes articles:					
Chippenham	**1**	**4**	**(2)**	**-**	**3**
Great Finborough	**24**	**10**	**-**	**-**	**34**
Evington	**17**	**9**	**(11)**	**-**	**15**
Tunbridge Wells	**3**	**2**	**-**	**-**	**5**
Wantage	**3**	**7**	**-**	**-**	**10**
Shottermill	**18**	**3**	**(1)**	**-**	**20**
Bedford	**-**	**1**	**-**	**-**	**1**
Total funds restricted by Pilgrim Homes articles	**66**	**36**	**(14)**	**-**	**88**
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	**73**	**40**	**(17)**	**-**	**96**

18. a) RESTRICTED FUNDS – PILGRIM HOMES

2020	Brought forward at 1 April 2019	Income	Expenditure	Revaluations and transfers	Carried forward at 31 March 2020
Funds restricted by Pilgrim Homes articles:	**£000**	**£000**	**£000**	**£000**	**£000**
General unrestricted funds					
Pilgrim Homes Fund	8,123	9,385	(9,434)	312	8,386
Designated Funds					
Operational Assets Equity Fund	15,992	-	-	-	15,992
Operational Risk Reserve	1,030	-	-	-	1,030
Property Emergency Repair Fund	50	-	-	-	50
Futures Fund	1,678	808	(86)	(62)	2,338
Total designated funds restricted by Pilgrim Homes articles	18,750	808	(86)	(62)	19,410
Pilgrim Homes Restricted Funds					
St Albans Home	438	3	-	-	441
Lucy McNeil Home	1,841	8	-	-	1,849
Homes Voluntary Support Funds (see note 16c)	61	49	(3)	(41)	66
Total restricted funds restricted by Pilgrim Homes articles	2,340	60	(3)	(41)	2,356
Total restricted funds – Pilgrim Homes	29,213	10,253	(9,523)	209	30,152

18. b) RESTRICTED FUNDS – GENERAL

NYCC Grant	1	-	-	-	1
Faith in Later Life	5	113	(77)	-	41
Homes Voluntary Support Funds (see note 16c)	10	1	-	(4)	7
Local Homes Project Funds	12	3	-	-	15
Dementia Fund	3	1	-	-	4
Total restricted funds - general	31	118	(77)	(4)	68
Total restricted funds	29,244	10,371	(9,600)	205	30,220

18. c) RESTRICTED FUNDS – HOMES VOLUNTARY SUPPORT FUNDS

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

19. FURTHER DETAILS ABOUT RESTRICTED AND DESIGNATED FUNDS

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

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

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

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

Futures Funds
The trustees have agreed to designate all legacies received over £100,000 to these funds, which would then be available to meet the costs of redeveloping the properties owned by the group. The balance was transferred out during the year to meet the costs of the Middlefields development.

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

St Albans and Lucy McNeil Home Funds
These funds relate to the receipt of donations and the proceeds of various fundraising activities for the purpose of establishing new homes.

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

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

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

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

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

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

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

Covid grants
This relates to grants receive 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.

20. 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
	79	183

The operating lease charges for the year were:

	2021 £000	2020 £000
Land and buildings	**85**	74
Hire of plant and machinery	**101**	97
	186	171

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

21. 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.

22. CAPITAL COMMITMENTS

The subsidiary company, PFG Trading Ltd, has engaged Midas Construction Limited as sub-contractor for the development at Middlefields, a site in Chippenham, and entered into a building contract sum of £5,403,109 last year. At the year end there was £1,560,203 outstanding, which has yet to be invoiced.

23. CONTINGENT LIABILITITY

A gift of £500,000 was made to Strathclyde House Trust by the Souter Charitable Trust in June 2019. This gift was made subject to a repayment clause which stated that in the event that Strathclyde House was to be disposed of by the charity within a period of the ten years commencing 3 June 2019, Strathclyde House Trust would be obliged to repay a proportion of the gift to the Souter Charitable Trust. The amount due to be repaid reduces by £50,000 for each complete year that Strathclyde House is owned by the Pilgrim Friends Group. At the date of these accounts, the maximum repayment due would be £450,000. The Pilgrim Friends Group has no plans to dispose of Strathclyde House.

24. RELATED PARTY TRANSACTIONS

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

25. LIFE TENANCY

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

26. WELLSBOROUGH OVERAGE RECEIPT

An overage agreement entered into on the sale of the site of the former Wellsborough Care Home has resulted in a cash receipt of £195,000 which has been recognised as income in the statement of financial activities. A further amount will become due when more of the houses on the site have been sold. This could be some £584,000. Because of credit risk, delays to the development and risks to the profitability in the housing sector, there are significant risks that this sum will not be realised, and therefore it has not been recognised as an asset at year end.

27. 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.

DIRECTORS AND TRUSTEES

Alan Copeman (Chairman)
John Edwards
Michael Abbott
Max Robinson (appointed 30 April 2020)
Genefer Espejo
Dr Judy McLaren
Bryan Jarvis (Vice-Chairman)
Andrew Symonds (Vice-Chairman)
Sheila Warnes
Robin Turnbull
Philip Oliver (appointed 30 April 2020)

COMPANY SECRETARY

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

REGISTERED OFFICE

175 Tower Bridge Road
London
SE1 2AL

COMPANY NUMBER 07169875
CHARITY NUMBER 1134979

BANKERS

Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

AUDITORS

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

KEY MANAGEMENT PERSONNEL

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

Stephen Hammersley	*Chief Executive Officer*
Maureen Sim	*Director of Operations*
Adrian Bray	*Company Secretary (to 31/07/2020)*
Debbie Buggs	*Director of Finance (from 01/06/2020) and Company Secretary (from 01/08/2020)*
Andy Walsh	*Director of Property Services*
Phil Wainwright	*Director of Human Resources and IT*
Alexandra Davis	*Director of Marketing*

OPINION

We have audited the financial statements of The Pilgrims Friend Group (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the consolidated Statement of Financial Activities, the consolidated and company's Balance Sheets, the consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the charitable company's affairs as at 31 March 2021 and of the group's incoming resources and application of resources, including the group income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report 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 have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement set out in the trustees' report, the trustees' (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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.

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.

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

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Newton

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

Chartered Accountants
Statutory Auditor

Date: 28 September 2021

5 Robin Hood Lane
Sutton
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