



Pilgrims Hospices in East Kent (A company limited by guarantee)

Report and financial statements for year ended 31 March 2014

Charity no: 293968

Company no: 2000560

www.pilgrimshospices.org

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Pilgrims Hospices in East Kent

Legal and administrative information as at 31 March 2014

Trustees

Dr R G Morey (Chairman) (resigned 23 June 2014)
R J Davis FCA TEP (Treasurer and elected Chairman 2 July 2014)
S Andrews CBE
M S August
C Bentley MBE (resigned 24 January 2014)
Dr A Dhiman
L J Goode (resigned 23 June 2014)
A J Hogarth
P M A King
Dr R N McWilliams
L Selman

Chief Executive

S J Auty (resigned 27 June 2014)
S Stacey (interim Chief Executive appointed 27 June 2014)

Company Secretary

P R F Simpson FCA

Executive team

S J Auty	Chief Executive (resigned 27 June 2014)
S Stacey	Acting Chief Executive
H C Bennett FCIPD	HR and Workforce Director
Dr C Butler FRCP	Medical Director
P Evans BScN	Nursing Director
P R F Simpson FCA	Financial Director

Registered Office

56 London Road, Canterbury, Kent CT2 8JA

Inpatient units

56 London Road, Canterbury, Kent CT2 8JA - telephone: 01227 812612
Ramsgate Road, Margate, Kent CT9 4AD - telephone: 01843 233920
Hythe Road, Willesborough, Ashford, Kent TN24 0NE - telephone: 01233 504100

Auditors

MHA MacIntyre Hudson , 31 St George's Place, Canterbury, Kent CT1 1XD

Bankers

Barclays Bank Plc
CAF Bank Limited
LloydsTSB Bank Plc
National Westminster Bank Plc

Solicitors

Furley Page, 39 St Margaret's Street, Canterbury, Kent CT1 2TX
Girlings, 16 Rose Lane, Canterbury, Kent CT1 2UR

Investment advisors

Coutts & Co, 440 Strand, London WC2R 0QS

Website

www.pilgrimshospices.org

Pilgrims Hospices in East Kent

Report and Strategic Report of the trustees for the year ended 31 March 2014

The trustees, who are also directors of the charity for the purposes of the Companies Act, submit their annual report and the audited financial statements for the year ended 31st March 2014. This report also includes a Strategic Report. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005 in preparing the annual report and financial statements of the charity. The provisions of the new SORP 2015 will be adopted for the accounts from 1st April 2015.

Structure, Governance and Management

Pilgrims Hospices in East Kent is a registered charity and company limited by guarantee and was incorporated on 14th March 1986.

The charity is governed by a board of trustees who may number up to eighteen. As at 31st March 2014 there were ten trustees, one having resigned in January 2014 and currently there are eight trustees. They govern in accordance with the Memorandum and Articles of Association originally incorporated in the name of the East Kent Hospice Project.

In June 2014 the chairman of the trustees resigned, as did the trustee with responsibility for fundraising. A new chairman was appointed on 2 July 2014 and new trustees will be sought to bring the board back up to strength. Following the resignation of the Chief Executive, an interim Chief Executive has been appointed who will stay in post until a permanent replacement has been found.

Trustees are normally recruited by existing trustees to fulfil specific roles on the board. The policies and procedures for trustee induction and training are similar to those set out for all employees of the charity. They are given an overview of the charity's aims, objectives and achievements, introduced to the senior management team and key members of the management teams at each inpatient unit, who are responsible for carrying out the day to day running of the charity on behalf of the trustees, coached in the legal responsibilities of charity trustees and company directors and receive additional training from existing trustees and others, both in-house and externally, in matters specific to their own role on the board of trustees.

The management and organisational structure of the charity is set out below. The aim is to provide an integrated approach, with a meeting structure which supports the governance and performance of Pilgrims Hospices in East Kent to reflect this.

The board of trustees is responsible for governance at a strategic level and meets quarterly with the Chief Executive and heads of Medicine, Finance and HR and Workforce Development to plan longer term strategy. Sub-committees, including those for fundraising and marketing, finance, complaints and management of our retail outlets, meet quarterly or half-yearly to address complaints, review performance and future strategy.

Members of the executive team meet weekly and the operational heads of department meet monthly to ensure that performance is monitored. In addition, sub-committees meet monthly or quarterly to discuss and develop such areas as information governance, education and training, clinical services, marketing and research.

Each of our three inpatient units currently has a Hospice Manager whose responsibility is to oversee the day to day running of the unit, and all heads of department concerned with patient care report directly to them. This will include the Nursing Manager as well as the Family Services Manager, responsible for the running of the day hospices and other services such as social work, counselling, physiotherapy, complementary therapies and spiritual and pastoral care for patients, their families and carers.

Pilgrims Hospices in East Kent has three wholly owned trading subsidiaries. All are registered in England, are limited by share capital and have as their registered office 56 London Road, Canterbury, Kent CT2 8JA. Two of the subsidiaries are now dormant and the third operates as a trading company, transferring its taxable profits to Pilgrims Hospices in East Kent.

Hospice Shops Limited (No. 1623758, director Mr R J Davis) is now a dormant company. Until 31st March 2012 it managed the retail operations of the charity. From 1st April 2012 all activities of this company were transferred to the parent company, Pilgrims Hospices in East Kent, as a going concern.

Pilgrims Hospice Lottery Limited (No. 3130167, directors Mr R J Davis, Mr M S August) is now a dormant company. Until 31st March 2012 it ran the hospice lottery. From 1st April 2012 all activities of this company were transferred to the parent company, Pilgrims Hospices in East Kent, as a going concern.

Pilgrims Hospices Trading Limited (No. 07993259, director Mr R J Davis) was incorporated on 16th March 2012 and commenced trading on 1st April 2012. This company was set up to take over the taxable trading activities of the charity, other than the running of the charity shops, and it and the charity are registered for VAT under a group registration scheme. A second, independent, director is being sought to provide impartial oversight in the running of the trading company and it is hoped that one will have been appointed before the next financial year end.

The trading performance of the subsidiary is shown in Note 4 to the accounts.

The charity is completely independent but has service funding agreements with the NHS Clinical Commissioning Groups covering eastern and coastal Kent, which, this previous financial year, contributed about 25% of our running costs across the three sites, compared to 31% last year.

We also have close ties, developed over many years, with other palliative and end of life care professionals both in the community and in wider networks, through our own consultants and doctors and other highly qualified staff. These links help us to fulfil our charitable objectives by offering a specialist palliative care service to the people in east Kent and providing education, training and liaison with other local healthcare professionals

It is the policy of Pilgrims Hospices in East Kent to show neither positive nor negative discrimination towards any employee, including anyone with a disability, but to employ the person best qualified to do the job. Employment policies for career development, training and promotion, where applicable, are uniform for all employees. A staff communication and consultative committee has been established at which members of the staff and management meet quarterly to

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Report and Strategic Report of the trustees for the year ended 31 March 2014

discuss any matter that the staff may wish to raise. In addition the HR Department conducts regular open meetings across our three sites to give all employees the opportunity to gain answers to any questions they may wish to raise concerning employment issues. Memos are circulated via e-mail and the staff intranet, and posted on staff notice boards, to keep all employees, and volunteers, informed of matters of interest or concern to them, including regular updates on the progress of major projects, funding bids and fundraising initiatives.

The senior managers and the HR Department actively seek to make all employees aware of the state of the charity's finances and involved in the formulation of major initiatives.

Public Benefit Statement

The trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit. The charitable purpose of Pilgrims Hospices in East Kent is stated below in 'Objectives and Activities' and the trustees ensure that this purpose is carried out for the public benefit by working to the Mission Statement.

Objectives and Activities

The objectives of Pilgrims Hospices in East Kent are contained in the Memorandum & Articles of Association and are encapsulated in the Mission Statement of Pilgrims Hospices, which is as follows:

Pilgrims Hospices in East Kent is committed to improving the care of the people in east Kent, regardless of age, sex or creed, suffering from advanced, progressive and incurable illness, by the provision of specialist palliative care services to patients and continuing support to their families and carers. These objectives are achieved through the provision of:

- 1) Inpatient facilities at our hospices in Canterbury, Margate and Ashford (which have a total of 48 beds.
- 2) Support at home as and when needed from our team of community nurses, and a Hospice at Home service which offers rapid response, 24 hour help for those at the very end of life who wish to die at home.
- 3) Day care in the day hospices at all three sites, a range of clinics and support programmes for patients, their carers, and families both on site and in the community.
- 4) Social, pastoral and bereavement support for families from social workers, chaplains and counsellors and other professionals at all three hospices.
- 5) Training and education for professionals and the public and liaison with community services by the Education Department based at the Ann Robertson Centre next door to Pilgrims Hospice in Canterbury, supported by qualified members of staff from all three hospices.
- 6) Continuing audits, which are conducted under the guidance of our Research & Audit team, individual research projects carried out by members of staff as part of

their professional development under the guidance of the Patient Safety and Quality Committee, and participation in external research conducted by universities and other institutions.

We continue to forge links with the new local strategic clinical networks which were formed when the NHS was reorganised in 2013. The charity supports 'Help the Hospices', the national hospice charity, and has developed ties at local, regional and national levels with other hospices. These connections enable us to share and learn from the experiences of others in all aspects of hospice care.

Pilgrims Hospices in East Kent is supported by well over 1,600 volunteers. Volunteers at Canterbury, Thanet and Ashford, numbering in excess of 400 in total, provide support to the professional staff by assisting on reception and in the day hospices, as drivers, gardeners and in a number of other roles. The hospice shops and other retail outlets are staffed almost entirely by volunteers and in total over 1,000 of them give their time, ranging from a few hours a week to almost full time, in support of the hospices. Independent, entirely voluntary, fundraising groups are established in some centres of population in east Kent.

Strategic report

Achievements and Performance

Financial key performance indicators are considered to be those discussed in the financial review and income generation.

Activity levels, which are considered to be non-financial key performance indicators, during the period under review, were as follows (previous year in brackets):

- 1) Total referrals to the hospices – 2,383 (2,236)
- 2) Total number of deaths – 1,738 (1,740)
- 3) Number of inpatient admissions – 1,393 (1,357)
- 4) Average length of inpatient stay – 10.5 days (10.7)
- 5) Number of home visits carried out by Community Nursing Team – 7,383 (5,947)
- 6) Total number of day hospice attendances – 4,186 (3,822)
- 7) Number of attendances at outpatient clinics and other services – 3,152 (2,546)

Activity in all of these areas has increased satisfactorily.

Referrals to the hospice services may be made by GPs, district nurses, palliative care nurse specialists or hospital consultants. The hospice specialist palliative care consultants visit the three general hospitals in east Kent on a regular basis to assess patients requiring specialist palliative care.

In line with our stated policy, we continue to seek to increase the number of patients we care for who are

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diagnosed with advanced, progressive and incurable illnesses other than cancer. We aim to achieve this through our ongoing campaign to raise awareness in the community of who we are and what services we provide. This includes publicity across all media types, giving talks to local groups, clubs and schools, and inviting people to attend forums and discussions arranged at our three sites.

The Hospice at Home team provides a rapid response, 24 hour service to patients at the extreme end of life who have expressed the wish to die at home, and enables them to do so in comfort and with dignity. This team operates across the whole of east Kent and is incorporated into the full range of community services which we offer. It continues to receive very positive feedback from those accessing the service. We collect and evaluate data constantly, which has enabled us to adjust and streamline the service because it is, by its very nature, expensive to run and its continuation is only made possible by the sustained generosity of the people of east Kent, aided by some funding from the local NHS CCG.

Day hospice care has always been a valuable and popular core service and offers a wide range of activities and support, including clinics, a drop-in information service and a variety of programmes and pursuits designed to support patients, carers and families and help them cope with the emotional stresses of dealing with a life limiting illness.

Clinics and courses, along with all the other services, have been specifically designed to give a mixture of information, practical advice and support to patients and carers in order to give them confidence and encouragement. Some of the range of programmes available (for example breathlessness management, massage and relaxation techniques), can be taken by the Community Associate Practitioners to patients in the community who cannot travel to the day hospices; these services and the local outreach clinics are very popular with patients and carers alike.

Please visit our website (www.pilgrimshospices.org) for more details of clinics and courses available, or phone your local hospice (see page 1 for number).

The Ann Robertson Centre, the Education and Training Centre situated next door to the hospice in London Road, Canterbury, has been in operation for over a year. It provides conference, education and training facilities for staff and external healthcare organisations. Meeting rooms can also be hired by the general public and any income generated goes towards the costs of providing care at the three hospices. In the financial year under review the Centre generated £83k of income and there are plans to increase the revenue provided by this useful and valuable resource.

Project Invicta, a joint initiative with local health and social care agencies, including the former Kent and Medway PCT cluster, East Kent Hospitals University Foundation Trust, GP practices, council social work departments and care homes, has been in operation

for over 24 months and has now ceased. The intended aim was to provide a complete 'joined up' holistic service for any patient who required help, whether it be respite care, specialised equipment, obtaining benefits or a repeat prescription, or a place in a care home. A major success has been the Care Navigation Centre based at the Ashford hospice, manned by fully trained staff and providing a round the clock telephone helpline 365 days a year, designed to put the caller in contact with the appropriate help which is and has continued to be fully operational. Although not all of the project's other aims have been achieved, there have been some very positive comments from users accessing this service. The University of Kent at Canterbury is concluding an evaluation of the project which will be ready in Autumn 2014.

Financial Review

The Statement of Financial Activities for the year is set out on page 11 of the financial statements. A summary of the financial results and the work of the charity are set out below.

During the year under review the net movement in funds was a deficit of £1,148k (prior year deficit £125k), which was mainly due to an increase in the cost of providing our charitable activities (£927k more than last year), a reduction in local NHS CCG grants, no corresponding increase in fundraising and voluntary income, and much lower gains on the value and disposal of investment assets. During the year investments totalling £1 million were liquidated to finance this deficit.

Whilst the balance sheet still continues to reflect a strong financial position it should be noted that over half of the £20 million in assets (£21 million) comprises the land and buildings and other fixed assets without which we could not continue to provide the current range of services. Selling investment assets to fund a deficit is not sustainable beyond the short term and is one of the factors which needs to be and will be addressed in the Future Hospice Programme.

Our free reserves stood at just under £9.5 million, which was again below the level of annual running costs at current levels of expenditure. The continuing generosity of the people of east Kent and our reserves allow us to maintain palliative care services at the existing level in the short term but measures to increase income and reduce costs will need to be introduced in the longer term to cope with the expected rise in demand for our services.

Income Generation

During the year under review we received a grant from the local NHS CCG under a service funding agreement which amounted to about 25% of our running costs, leaving 75% of revenue funding to be raised from voluntary sources. Our principal funding sources include our hospice shops and retail outlets, staffed largely by volunteers, which this year raised £1.24 million, and our hospice lottery, which contributed £551k, along with our voluntary

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fundraisers who raised £805k. Our own fundraising department, as well as supporting the fundraising initiatives of our many volunteer groups, organised a number of large events, including a Starlight Stroll, Pyjama Walks, the now annual Tri-Hospice Cycle Ride, Divas on Wheels just for the ladies and our annual Summer and Christmas Fairs at each hospice, giving us a direct contribution of £290k; although this figure does not reflect all the additional donations generated by these events. Legacies and donations, including 'in memoriam' donations, contributed another major portion of our funding needs, amounting to £3.5 million.

A new initiative from our fundraising department is an appeal to Sponsor a Nurse which was launched in April 2013 and to date has generated over £100k towards nursing costs, which in the financial year under review amounted to just under £4.5 million.

Notes 2 to 17, which support the Statement of Financial Activities on page 11, show how funds have been received and applied during the year.

Our lottery continues to increase its income and we are pleased to report a consistent upward trend, with an annual average of over 18,000 participants in each weekly draw and a current active membership of over 20,000 players, up from 17,000 players last year. We are grateful for the hard-work of the lottery staff, all of whom help to advertise and promote the weekly and mega draws in local areas and at events across east Kent continuing to provide a valuable source of income for the charity, which this year amounted to £551k.

The rolling programme of planned refurbishment of existing hospice shops was completed during this financial year. It was decided that a larger shop in Folkestone was needed so premises were leased in Sandgate Road and it was agreed to sell the old Folkestone shop in Rendezvous Street - at the date of this report the sale had not yet been finalised. Sales in the new Folkestone shop have increased threefold. There will now be a period of consolidation concentrating on increasing the level of income generated by the shops. As part of this, the option to Gift Aid the proceeds of the sale of any and all goods donated by a tax paying donor has been introduced. This is aided by the introduction of new electronic tills able to record this and much other useful information, which can be accessed through the internet by our accounts department in Canterbury and the head of retail and her staff in Margate. At 31st March 2014 there were 23 general shops, 6 furniture shops (excluding the warehouse), 3 bookshops and the online e-bay store.

Reserves Policy

The trustees review their policy each year. In conducting their review they take into consideration best practice and the guidance issued by the Charity Commissioners.

The policy takes into account the need to inform those who so generously give their time and money

to enable the trustees to continue with their commitment to provide specialist palliative care services.

It is essential that all involved appreciate:

- the provision of this type of care involves ongoing running costs, currently in excess of £11 million per year, three-quarters of which has to be derived from voluntary sources.
- an investment in facilities to provide these services that has cost around £11 million.
- the need to provide assurance to those who give so generously that the trustees will be able to sustain their commitment to provide patient care to meet the ever more demanding needs of the community.

The trustees have therefore established reserves as follows:

- **Designated Reserves**
'Fixed Assets in Use', which holds the fixed assets used by Pilgrims Hospices in East Kent to provide the facilities for the patients, their families and carers.
- **Restricted Reserves**
These are reserves only available for expenditure in accordance with the donor's directions.
- **Endowment Reserves**
These represent capital sums which are donated under the restriction that they are invested and that only the income arising is available for expenditure in accordance with the donor's directions.
- **Free Reserves**
These are retained by the trustees to give assurance to those who use the services of Pilgrims Hospices in East Kent and those who give of their time and money that the trustees will be able to sustain their commitment to provide specialist palliative care services to patients and support to their families and carers. The reserves are set at a level to withstand any short-term setback, whether operational, in the investment markets, or in key sources of income, such as legacies. The free reserves at 31st March 2014 stood at £9.4 million, including the investment properties (£1.9 million), quoted investments (£7.0 million) and cash and its equivalent (£564k). The long term target previously set by the trustees had been to hold the equivalent of 18 months running costs in reserve. The trustees recently varied this policy and agreed that free reserves must not be less than £6m. The trustees are very conscious that the current level of expenditure against income is

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unsustainable in the longer term and are actively exploring ways in which we can cut costs without compromising the goals set out in the mission statement or the quality of care.

Investment Policy and Returns

At the end of the year there was £992k available in cash and short term deposits; at current levels of expenditure the charity requires just under £1 million per month to cover running expenses, over 80% of which relate to our charitable activities. However, if the need arises, the charity is able to liquidate medium term investments very quickly. In the financial year under review £1 million in investments were realised. The balance of the reserves is held in a portfolio comprising properties, government and other fixed interest securities and equities. The trustees recognise the need to spread the investment risk in managing the reserves.

The investment properties comprise residential properties that the charity has inherited or acquired which the trustees retain, having taken appropriate advice, as they provide potential for capital growth and income. It is currently not the intention of the trustees to dispose of these unless circumstances dictate a need for such an action and/or market conditions indicate it would be beneficial to do so. During the year one property in Canterbury was sold for the aforementioned reasons. The trustees are confident that, in light of the limited movement in the housing market, the carrying value of £1.9 million, which is a decrease of £166k on last year mostly due to the disposal of one property, is an accurate reflection of their market value at 31st March 2014. A comprehensive review of our property portfolio is currently being undertaken to see if any changes need to be made to the portfolio to ensure its continued value in the future.

The general investment policy for our investment portfolio, adopted by the trustees and managed by our investment advisers Coutts & Co, is 35% fixed interest, 55% equities and 10% other investments. At the balance sheet date (prior year in brackets) the portfolio profile was fixed interest 24% (33%), equities 64% (47%) and other investments 8% (17%) with uninvested cash on hand of 4% (3%). Whilst the proportion of fixed interest to equity and other investments does not match the stated policy this is largely due to the fact that equities have finally started to pick up and become a more attractive proposition than the generally safer but lower yielding fixed interest options.

Our overall policy is to achieve a total return over and above inflation and the trustees are of the opinion that our investment policy is at a low to moderate risk level in the context of the assets.

The value of our investment portfolio at 31st March 2014 is set out below.

Sector description	Market Value £ at 31 March 2014	% of total value
Equities		
Europe	224,200	3.22
Global	268,263	3.85
Japan	192,489	2.76
North America	563,089	8.09
Pacific Basin	155,139	2.23
United Kingdom	3,031,380	43.52
Total equities	4,434,560	63.67
Fixed interest		
Global	331,342	4.76
United Kingdom	1,345,187	19.31
Total fixed interest	1,676,529	24.07
Alternative funds		
Europe	260,890	3.75
Global	301,897	4.33
Total alternative funds	562,787	8.08
Cash accounts	291,481	4.18
Total portfolio value	6,965,357	100%

Following the year end, in April, a further £500k was liquidated.

Changes in Fixed Assets

Details of movements in fixed assets are set out in note 18 to the accounts. It is the opinion of the trustees that, due to their policy of constant maintenance and repair, the market value of land and buildings is greater than the net book value but, in accordance with current guidelines, they have depreciated the freehold and leasehold buildings at 2% per annum (with the exception of the Anne Robertson Centre which is depreciated at 20% per annum).

Report and Strategic Report of the trustees for the year ended 31 March 2014

Basis of Consolidation

The consolidated statement of financial activities on page 11 represents the combined figures for Pilgrims Hospices in East Kent and its trading subsidiary Pilgrims Hospices Trading Limited.

The group totals on the balance sheet on page 12 represent the consolidated figures for Pilgrims Hospices in East Kent and Pilgrims Hospices Trading Limited.

Plans for future periods

During the year the charity launched a strategic review (Future Hospice Programme) to address the ever increasing requirements for the provision of care and the consequent long term funding issues that arise from this. Following consultations with representatives of the staff and volunteers, many board meetings and away-days, the board adopted a new strategy at a board meeting on 17th April 2014.

This strategy envisaged increasing the amount of care delivered by the charity through the use of partners and increased community services, along with a reduction in beds, specifically at Canterbury. This strategy was launched on 7th May, but following an adverse reaction from Canterbury supporters and volunteers, has been modified to include a commitment to keep beds open on all sites, as long as these can be staffed and funded. The challenges arising from this decision and the effects on the charity's funds and workforce are currently being re-examined. The charity remains committed to providing the maximum amount of care to patients but will need to find a way of achieving this within a balanced budget.

The charity is also undertaking a series of initiatives to increase its income and reduce its costs. Shops are budgeted to contribute substantial additional income, following the completed programme of refurbishments while income from the hire of the Anne Robertson centre is also being targeted to increase. Other action being undertaken will include the more efficient use of our substantial donor database. Cost savings are being sought across all three sites and action includes a staff competition for the best cost savings ideas as well as standardised and centralised purchasing, which is expected to save a minimum of £50,000 on an annual basis.

Risk Management

Major risks which have been identified and discussed by the trustees include: loss of reputation, perhaps due to adverse publicity, leading to a fall in public confidence in the charity and a consequent reduction in voluntary income; over-extension by committing to too many projects with not enough resources to sustain them over the longer term; short term falls in the value of our investment portfolio, with the resulting reduction in income from stocks and shares; a fall in income due to the current economic climate, whether voluntary (through donations and fundraising) because the public has less spare income to give, or from a reduction in grants (NHS and local authority) because of Government cutbacks in the public sector; the impact of GP Commissioning

on income in terms of our ability to compete for funds against commercial enterprises such as care homes. A further risk also exists in our ability to recruit sufficiently skilled and qualified staff to deliver care to the people of east Kent.

The main risks to the continued successful running of the shops, as identified by the trustees, are a lack of donated goods to sell to the general public and a shortage of volunteers to run the shops, resulting in decreased income through sales and increased costs associated with the need to employ more staff. The trustees are of the opinion these risks are manageable and are confident the shops will continue to generate significant income for Pilgrims Hospices in East Kent.

The major risks to the lottery, as identified by the trustees, are being unable to sustain sufficient numbers in the weekly draws, loss of the database on which draws are based and being unable to carry out a weekly draw. There are initiatives in place to keep membership up and the risks of loss of the database or inability to perform a draw are mitigated by the ICT Department.

There are considered to be no material risks to the satisfactory operation of the trading company.

The trustees review the risks to which the charity is exposed on a regular basis and a risk management strategy is in place whereby those risks are identified, the level of risk is assessed and systems for ameliorating those risks are established. Sub-committees of the board of trustees, whose members comprise those with the skills and knowledge specific to the risks under review, report regularly to the board. The standing of the hospices in the community is maintained by an active public awareness policy monitored by the trustees. The trustees set the publicity and public relations strategy for the hospices and the Fundraising and Marketing Committee ensures that it is implemented.

Responsibilities of the Trustees

The trustees (who are also directors of Pilgrims Hospices in East Kent for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the group financial statements in accordance with applicable law and United Kingdom Accounting Standards (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 charity and the group and of the incoming resources and application of resources, including the net income or expenditure of the group for the year. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principle in the Charities SORP

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Report and Strategic Report of the trustees for the year ended 31 March 2014

- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The trustees are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charity and the 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 charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

We, the trustees (directors) of the charitable company who held office at the date of approval of these financial statements as set out above, each confirm, so far as we are aware, that:

- a) there is no relevant audit information of which the charitable company's auditors are unaware and
- b) we have taken all the steps that we ought to have taken as trustees (directors) in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution proposing the re-appointment of Messrs MHA MacIntyre Hudson as auditors to the company will be put to the Annual General Meeting, in accordance with Section 485 Companies Act 2006.

Trustees

The names of the trustees who held office in the charity (charity no: 293968, company no: 2000560) during the year are listed on page 1 of the financial statements.

Charity website

The trustees (directors) are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approval

This report, including the strategic report, was approved by the board of trustees on 5th September 2014 and signed on its behalf by

R J Davis

.....
R J Davis

Trustee

Independent auditors' report for the year ended 31 March 2014 to the members of Pilgrims Hospices in East Kent

We have audited the financial statements of Pilgrims Hospices in East Kent and its subsidiaries for the year ended 31 March 2014 which comprise a consolidated statement of financial activities, the group and charity balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the trustee's responsibilities statement (set out on pages 7 - 8), the trustees (who are also directors of Pilgrims Hospices in East Kent 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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the trustees' annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31st March 2014, and of the group's incoming resources and application of resources, including its 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, the information given in the trustees' report (including the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditors' report for the year ended 31 March 2014
to the members of Pilgrims Hospices in East Kent**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 of the information and explanations we require for our audit.

J E Sherwood

.....
J E Sherwood FCA
Senior Statutory Auditor
for and on behalf of MHA MacIntyre Hudson
Chartered Accountants
31 St George's Place
Canterbury
Kent CT1 1XD

Date: 10 September 2014

Pilgrims Hospices in East Kent

Consolidated statement of financial activities (incorporating an income and expenditure account) for the year ended 31 March 2014

	Notes	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2014 £'000	Total 2013 £'000
INCOMING RESOURCES							
Incoming resources from generated funds:							
<i>Voluntary income:</i>							
Donations and gifts	2	1,018	-	143	-	1,161	1,246
Legacies		1,160	-	1,158	-	2,318	2,235
<i>Activities for generating funds:</i>							
Fundraising	3	1,058	-	37	-	1,095	1,053
Income from trading subsidiaries	4	86	-	-	-	86	86
Income from trading activities	5	3,924	-	-	-	3,924	3,606
Investment income	6	292	-	-	-	292	300
		7,538	-	1,338	-	8,876	8,526
Incoming resources from charitable activities:							
Grants receivable	7	2,827	-	281	-	3,108	3,184
Fees receivable	8	588	-	-	-	588	249
		3,415	-	281	-	3,696	3,433
TOTAL INCOMING RESOURCES		10,953	-	1,619	-	12,572	11,959
RESOURCES EXPENDED							
Cost of generating funds:							
Fundraising costs	9	484	-	-	-	484	463
Trading subsidiaries' costs	4	43	-	-	-	43	54
Trading activities' costs	5	2,135	-	-	-	2,135	1,930
Investment management fees		43	-	-	-	43	39
		2,705	-	-	-	2,705	2,486
Charitable activities:							
In-patient	10	7,075	-	1,603	-	8,678	8,346
Community services	11	1,720	-	-	-	1,720	1,058
Counselling	12	347	-	-	-	347	337
Information and education	13	321	-	-	-	321	426
Governance costs	14	123	-	-	-	123	95
		9,586	-	1,603	-	11,189	10,262
TOTAL RESOURCES EXPENDED		12,291	-	1,603	-	13,894	12,748
Net (outgoing)/incoming resources before transfers		(1,338)	-	16	-	(1,322)	(789)
Gross transfers between funds	23	365	(338)	(27)	-	-	-
Net (outgoing)/incoming resources before recognised gains and losses	15	(973)	(338)	(11)	-	(1,322)	(789)
Net gains on investment assets	19	174	-	-	-	174	664
Net movement in funds in the year		(799)	(338)	(11)	-	(1,148)	(125)
Reconciliation of funds:							
Total funds brought forward		10,252	11,378	33	13	21,676	21,801
Total funds carried forward		9,453	11,040	22	13	20,528	21,676

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above. The net expenditure for the year for Companies Act purposes comprises net out going resources before recognised gains and losses for the year plus realised gains on investments and was £1,241 (2013: deficit £526k). The net expenditure for the year calculated on a historical cost basis would be £1,044k (2013: deficit £95k). Note 18 gives details of changes in resources applied for fixed assets for charity use.

Pilgrims Hospices in East Kent

Consolidated and Charity balance sheets as at 31 March 2014

	Notes	Group 2014 £'000	Group 2013 £'000	Charity 2014 £'000	Charity 2013 £'000
Fixed assets					
Tangible assets	18	11,040	11,378	11,040	11,378
Investments	19	8,873	9,920	8,873	9,920
		19,913	21,298	19,913	21,298
Current assets					
Stocks		5	5	-	-
Debtors	20	848	476	858	479
Cash at bank and in hand		992	957	987	955
		1,845	1,438	1,845	1,434
Creditors					
Amounts falling due within one year	21	1,230	1,055	1,230	1,051
Net current assets		615	383	615	383
Total assets less current liabilities		20,528	21,681	20,528	21,681
Creditors falling due after one year	22	-	5	-	5
Net assets		20,528	21,676	20,528	21,676
Funds					
Unrestricted funds - general funds - includes revaluation reserve of £1,045k (2013: £1,158k)	23	9,453	10,252	9,453	10,252
Designated funds	23	11,040	11,378	11,040	11,378
Restricted funds	23	22	33	22	33
Permanent endowment fund	23	13	13	13	13
Total funds		20,528	21,676	20,528	21,676

Approved by the board of trustees for issue on 5 September 2014

R J Davis

 R J Davis
 Chairman of the board of trustees

M S August

 M S August
 Trustee

Company number 2000560

**Consolidated cash flow statement
for the year ended 31 March 2014**

		2014 £'000	2013 £'000
Net cash (outflow) from operating activities	Note 1 below	<u>(1,163)</u>	<u>(526)</u>
Returns on investments			
Interest received (including tax recovered)		166	199
Net cash (outflow) from returns on investments		<u>166</u>	<u>199</u>
Capital expenditure and financial investment			
Payments to acquire tangible assets		(189)	(749)
Payments to acquire investments		(2,283)	(6,669)
Receipts from sale of investments		3,504	7,567
Net cash outflow from capital expenditure		<u>1,032</u>	<u>149</u>
Management of liquid resources			
Decrease in short term deposits		-	29
Increase/(decrease) in cash	Note 2 below	<u>35</u>	<u>(149)</u>

Note 1 Reconciliation of net incoming resources to net cash inflow from operating activities

	2014 £'000	2013 £'000
Net (outgoing) resources	(1,322)	(789)
Depreciation and loss on disposals	527	506
Decrease in stocks on hand	-	8
(Increase) in debtors	(372)	(188)
Increase in creditors	170	136
Investment income (excluding rents receivable)	(166)	(199)
	<u>(1,163)</u>	<u>(526)</u>

Note 2 Analysis of balances of net funds as shown in the balance sheet

	2014 £'000	2013 £'000	Change in year £'000
Cash at bank and in hand	<u>992</u>	<u>957</u>	<u>35</u>

Notes forming part of the financial statements for the year ended 31 March 2014

1 Accounting policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention with the exception of investments, which are included at market value. The financial statements have been prepared in accordance with the Companies Act 2006 and with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005 and applicable United Kingdom Accounting Standards.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis and the charity has taken exemption from presenting its consolidated income and expenditure account under section 408 of the Companies Act 2006. The charity has availed itself of paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the charity's activities. No separate SOFA has been presented for the charity alone as permitted by Section 230 of the Companies Act 2006 and paragraph 397 of the SORP.

b) Company status

The charity is a company limited by guarantee. The members of the company are the trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

c) Incoming resources

All incoming resources are included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Such income is only deferred when:

- * the donor specifies that the grant or donation must only be used in future accounting periods; or
- * the donor has imposed conditions which must be met before the charity has unconditional entitlement; or
- * lottery draw takes place in the next period.

Where possible, legacies are credited to the accounts in the year of death where the trustees are satisfied they are entitled to the money, there is certainty they will receive it and they are able to quantify their entitlement. However, it is their policy to only include legacies which have been received within one month of the year end.

These accounts do disclose, by way of note (Note 27), the legacies received after the one month period has ended where those legacies relate to deaths prior to the year end. All legacies are accounted for when funds are received, irrespective of whether they are pecuniary, residual or subject to a third party life interest.

Gifts donated for resale are included as income when they are sold.

No amounts are included in the financial statements for services donated by volunteers.

Grants are recognised in the period to which they relate.

d) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources. Liabilities are recognised where they are probable and measurable, and reflect the present value of expenditures required to settle the obligation

Fundraising costs are those incurred in seeking voluntary contributions and includes the cost of advertising for donations and the staging of fundraising events and does not include the costs of disseminating information in support of the charitable activities.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

Expenditure recorded under charitable activities comprise of the costs of providing care, including all support costs. Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, i.e. staff costs are calculated as a proportion of total expenses and the other support costs are calculated as a proportion of staff costs on each activity over total support staff costs.

Notes forming part of the financial statements for the year ended 31 March 2014

e) Tangible fixed assets and depreciation

Tangible fixed assets over £2,500 with a useful economic life greater than four years are capitalised and included at cost including any incidental expenses of acquisition. The trustees do not consider it appropriate or useful to undertake impairment reviews.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows:

Freehold land nil	Soft furnishing over 5 years
Freehold buildings over 50 years	Office furniture over 5 years
Anne Robertson Centre freehold building over 5 years	Other equipment over 5 years
Long leasehold buildings over 50 years	Computer equipment over 4 years
Hard furnishings over 10 years	Motor vehicles over 4 years
Fixtures and equipment over 10 years	

f) Investments

Investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year.

Investment properties are revalued annually by the trustees and the aggregate surplus or deficit is transferred to a revaluation reserve within the charity's unrestricted funds. No depreciation is provided in respect of freehold investment properties. The Companies Act 2006 requires tangible fixed assets to be depreciated systematically over their estimated useful economic lives. However, investment properties are held for investment rather than consumption; the trustees therefore consider that depreciation on a systematic basis would not be appropriate in this case and that the accounting policy adopted is necessary for the accounts to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

g) Stocks

Stocks consist of purchased goods for resale and are valued at the lower of cost and net realisable value. Most goods sold in the shops are donated and only brought into the accounts when converted into cash.

h) Pension costs

The group operates a defined contribution pension scheme open to all employees. However, certain employees are already members of professional pension schemes to which Pilgrims Hospices in East Kent continues to make contributions as their employer. The pension costs charged in the financial statements represent the contributions payable by the group during the year.

The charity also participates in the Baptist Pension Scheme (the Plan). The Plan is funded and is not contracted out of the state scheme. It is a multi-employer pension plan and it is not possible, in the normal course of events, to identify, on a reasonable and consistent basis, the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable. While the Plan is primarily a defined contribution scheme it has inherent guarantees that mean the charity may need to make further contributions to meet deficits.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up. The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt. Further details including the current buy-out debt amount are given in note 30.

i) Value Added Tax

The charity is registered for VAT and is able to recover VAT relating to its trading activities and a percentage of the VAT it suffers on its costs. This is reflected in the relevant costs in the statement of financial activities.

j) Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the income and expenditure account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

**Notes forming part of the financial statements
for the year ended 31 March 2014**

k) 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 trustees for particular purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income and gains are allocated to the appropriate fund.

2 Donations and gifts	2014	2013
	£'000	£'000
Donations	1,145	1,229
Contributions from patients	16	17
	<u>1,161</u>	<u>1,246</u>
3 Fundraising income	2014	2013
	£'000	£'000
General fundraising	805	798
Gross proceeds of events	290	255
	<u>1,095</u>	<u>1,053</u>

4 Income and expenditure of trading subsidiaries

The charity owns the whole of the issued ordinary share capital of Hospice Shops Ltd, Pilgrims Hospice Lottery Ltd and Pilgrims Hospices Trading Ltd, all of which companies are registered in England. Hospice Shops Ltd and Pilgrims Hospice Lottery Ltd are dormant. Pilgrims Hospices Trading Ltd undertakes a number of trading activities, including the sale of christmas cards. All activities have been consolidated on a line by line basis in the SOFA and the company paid all of its profit to the charity by Gift Aid. A summary of the results of the subsidiary is shown below.

	Pilgrims Hospice Trading Ltd.	
	Total	Total
	2014	2013
	£'000	£'000
Turnover	86	86
Cost of sales	40	51
	<u>46</u>	35
Administration costs	3	3
Net profit	<u>43</u>	32
Amount gift aided to the charity	(43)	(32)
Retained profit brought forward	-	-
Retained profit carried forward	<u>-</u>	<u>-</u>

Notes forming part of the financial statements
for the year ended 31 March 2014

4 Income and expenditure of trading subsidiaries (continued)

	2014 £'000	2013 £'000
The aggregate of assets, liabilities and funds was:		
Assets	7	7
Liabilities	(7)	(7)
Net assets	<u>-</u>	<u>-</u>
Represented by:		
Ordinary shares of £1 each	-	-
Profit and loss account	-	-
Total funds	<u>-</u>	<u>-</u>

5 Trading activities

	2014 £'000	2014 £'000	2014 £'000	2013 £'000
	Shops	Lottery	Total	Total
Turnover	<u>2,847</u>	<u>1,077</u>	<u>3,924</u>	3,606
Costs of sales				
Prizes	-	217	217	212
Other	3	166	169	140
	<u>3</u>	<u>383</u>	<u>386</u>	352
	<u>2,844</u>	<u>694</u>	<u>3,538</u>	3,254
Administrative posts				
Wages and salaries	498	89	587	527
Rent and rates	333	-	333	278
Repairs and renewals	48	-	48	58
Depreciation	127	4	131	95
Administrative costs	600	50	650	620
	<u>1,606</u>	<u>143</u>	<u>1,749</u>	1,578
Net profit	<u>1,238</u>	<u>551</u>	<u>1,789</u>	1,676

6 Investment income

	2014 £'000	2013 £'000
Income from listed investments:		
Fixed interest	76	77
Unit trusts	1	1
Managed funds	81	107
Interest receivable on cash deposits	8	14
Net rents receivable	126	101
	<u>292</u>	<u>300</u>

7 Grants receivable

	2014 £'000	2013 £'000
Local Health Authority	2,827	3,184
Department of Health	281	-
	<u>3,108</u>	<u>3,184</u>

Notes forming part of the financial statements
for the year ended 31 March 2014

8 Fees receivable	2014	2013
	£'000	£'000
Medical fees	460	179
Ministers' fees	5	3
Mesothelioma compensation	40	-
Course fees and hire of facilities	83	67
	588	249
9 Fundraising costs	2014	2013
	£'000	£'000
Wages and salaries	370	321
Goods for resale	6	15
Publicity	38	61
Sundry	17	35
Event costs	53	31
	484	463
10 In-patient costs	2014	2013
	£'000	£'000
Doctors salaries	1,166	947
Nurses salaries	3,144	3,580
Chaplains and therapists salaries	746	522
Administrative support salaries	614	604
Catering, domestic and maintenance salaries	695	657
Food	132	120
Medical supplies	77	64
Laundry and cleaning	141	125
Heat, light and water	148	159
Repairs and maintenance	228	284
Department of Health grant expenditure	281	-
Depreciation	396	413
(Profit) on disposal of fixed assets	(2)	-
Postage	20	23
Recruitment advertising and fees	9	30
Telephone	14	17
Insurance	35	34
Travel and sundry	59	36
Support costs	775	731
	8,678	8,346
11 Community services costs	2014	2013
	£'000	£'000
Wages and salaries	1,329	647
Travel and sundry	199	212
Consultancy	14	88
Telephone	24	17
Support costs	154	94
	1,720	1,058

Notes forming part of the financial statements
for the year ended 31 March 2014

12	Counselling	2014	2013
		£'000	£'000
	Wages and salaries	308	300
	Travel and sundry	8	9
	Support costs	31	28
		347	337

13	Information and education	2014	2013
		£'000	£'000
	Wages and salaries	204	215
	Course fees and expenses	47	78
	Professional books and journals	3	9
	Travel and sundry	3	6
	Costs of education centre	37	80
	Support costs	27	38
		321	426

14 Support costs

The charity allocates its support costs as shown in the table below. Support costs are allocated on a basis consistent with the use of resources.

	Community		Information		Total	Total	
	In-patient	services	Counselling	& Education	Governance	2014	2013
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Wages and salaries	492	97	20	18	69	696	641
Occupational health	13	3	1	-	1	18	17
Life assurance	8	2	-	-	2	12	10
Printing and stationery	30	6	1	1	4	42	49
Telephone	2	-	-	-	1	3	2
Travel	5	1	-	-	1	7	15
Computer costs	100	20	4	4	13	141	181
Repairs and renewals	1	-	-	-	-	1	5
Bank charges	12	2	-	-	3	17	16
Auditors' remuneration	-	-	-	-	15	15	27
Professional fees	20	4	1	1	2	28	6
Consultancy fees	94	19	4	3	13	133	-
Sundry	(2)	-	-	-	(1)	(3)	17
	775	154	31	27	123	1,110	986

15	Net outgoing resources of the group	2014	2013
		£'000	£'000

The surplus of expenditure over income is stated after charging:

Depreciation	527	506
Auditors remuneration : audit fees	26	28
Lease rental of motor vehicles	11	13
Lease rental of land and buildings	224	224

Notes forming part of the financial statements
for the year ended 31 March 2014

16 Trustees' remuneration

The trustees neither received nor waived any emoluments during the year (2013: £Nil). £396 out of pocket expenses were reimbursed to one trustee (2013: £714). The trustees took out indemnity insurance at a cost of £928 (2013: £1,880) in the year under review.

17 Staff costs	2014	2013
	£'000	£'000
Wages and salaries	7,646	7,266
Social security costs	593	564
Pension costs	505	435
	8,744	8,265

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was as follows:

	Number	Number
£60,001 - £70,000	2	2
£70,001 - £80,000	1	1
£80,001 - £90,000	2	1
£90,001 - £100,000	1	1

6 employees (2013: 5) earning more than £60,000 participated in a pension scheme at a cost of £56,458 (2013: £45,077).

The average number of employees, calculated on a full-time equivalent basis, analysed by function was:

Fundraising	15	16
Trading	25	23
In-patient	154	168
Community services	46	30
Counselling	9	9
Information and education	4	5
Administration and support	20	18
Governance	-	1
	273	270

Notes forming part of the financial statements
for the year ended 31 March 2014

18 Tangible fixed assets	Freehold land and buildings	Long leasehold land & buildings	Furniture & furnishings	Equipment	Motor vehicles	Total
a) The charity	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2013	10,967	2,457	273	506	104	14,307
Additions	-	97	14	72	6	189
Disposals	-	-	-	-	(22)	(22)
At 31 March 2014	10,967	2,554	287	578	88	14,474
Depreciation						
At 1 April 2013	1,775	618	152	321	63	2,929
Charge for year	257	122	35	91	22	527
On disposals	-	-	-	-	(22)	(22)
At 31 March 2014	2,032	740	187	412	63	3,434
Net book value						
At 31 March 2014	8,935	1,814	100	166	25	11,040
At 31 March 2013	9,192	1,839	121	185	41	11,378
b) The group						
	Freehold land and buildings	Long leasehold land & buildings	Furniture & furnishings	Equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2013	10,967	2,550	265	552	196	14,530
Additions	-	97	14	72	6	189
Disposals	-	-	-	-	(22)	(22)
At 31 March 2014	10,967	2,647	279	624	180	14,697
Depreciation						
At 1 April 2013	1,775	700	161	359	157	3,152
Charge for year	257	122	35	91	22	527
On disposals	-	-	-	-	(22)	(22)
At 31 March 2014	2,032	822	196	450	157	3,657
Net book value						
At 31 March 2014	8,935	1,825	83	174	23	11,040
At 31 March 2013	9,192	1,850	104	193	39	11,378

Freehold land and buildings includes freehold land of £2.0 million that is not depreciated. The trustees do not consider that the market value of the land and buildings included in fixed assets can be reasonably quantified.

Included in equipment are the following amounts held under a finance lease:

	2014	2013
	£'000	£'000
Net book value	4	6
Depreciation	4	6

Notes forming part of the financial statements
for the year ended 31 March 2014

19 Fixed asset investments	Market value	Additions	Disposal	Net investment	Market value	Historical cost
	2013		proceeds	gains	2014	2014
	£'000	£'000	£'000	£'000	£'000	£'000
Charity and Group						
Freehold properties	2,074	-	(190)	24	1,908	1,746
Quoted investments:						
Fixed interest	2,605	186	(1,017)	(97)	1,677	1,644
Managed funds (equity based)	3,693	1,999	(1,478)	221	4,435	3,694
Alternative investment funds	1,304	52	(819)	26	563	453
Cash at bank	244	46	-	-	290	290
Total	9,920	2,283	(3,504)	174	8,873	7,827

Included above are the following investments which represent more than 5% of the total.

	Market value	Historical cost
	£'000	£'000
Coutts Fund Managers UK Sovereign Bond	374	363
Coutts Fund Managers UK Equity	596	395
Coutts Fund Managers UK Specialist Equity	484	269
Coutts Fund Managers UK Specialist Equity Income	721	620
Fidelity Investment Funds Money builder Income	389	369
Coutts Fund Lindsell UK Equity	476	446

The charity also owns 3 ordinary shares of £1 each in Hospice Shops Ltd, 2 ordinary shares of £1 each in Pilgrims Hospice Lottery Ltd and 2 ordinary shares of £1 each in Pilgrims Hospices Trading Limited, all of which are wholly owned subsidiaries.

Quoted investments

A short term gain in value of £119k is reflected in these accounts.

Investment properties

The trustees have considered the market values of investment properties and are unable to find suitable evidence to substantiate increasing the valuation and accordingly these are carried forward at the trustees' best estimate of their value at 31 March 2014 of £1,908k, which compares favourably with the historical cost of £1,746k.

20 Debtors	Group	Group	Charity	Charity
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
General debtors	553	137	563	137
Amounts owed by group undertaking	-	-	-	3
Legacies	126	190	126	190
Prepayments	151	133	151	133
Income Tax recoverable	18	16	18	16
	848	476	858	479

21 Creditors: amounts falling due within one year	Group	Group	Charity	Charity
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Trade creditors	477	438	477	435
Amounts due under finance leases (secured against the assets to which they relate)	5	3	5	3
Taxation and social security costs	66	156	66	156
Accruals	508	268	508	267
Deferred income (advance lottery subscriptions)	174	190	174	190
	1,230	1,055	1,230	1,051

Notes forming part of the financial statements
for the year ended 31 March 2014

22 Creditors: amounts falling due after one year	Group 2014	Group 2013	Charity 2014	Charity 2013
	£'000	£'000	£'000	£'000
Amounts due under finance leases (secured against the assets to which they relate)	-	5	-	5

23 Statement of funds	2013	Incoming resources	Resources expended	Investment gains	Transfers	2014
	£'000	£'000	£'000	£'000	£'000	£'000
General funds	10,252	10,953	(12,291)	174	365	9,453
Designated funds:						
Fixed assets in use	11,378	-	-	-	(338)	11,040
Restricted funds:						
Ashford Hospice	27	201	(186)	-	(27)	15
Canterbury Hospice	3	432	(428)	-	-	7
Thanet Hospice	-	692	(692)	-	-	-
Hospice at Home	-	2	(2)	-	-	-
Department of Health	-	281	(281)	-	-	-
Local Authority restricted income	3	-	(3)	-	-	-
Memorial bricks	-	11	(11)	-	-	-
Total restricted funds	33	1,619	(1,603)	-	(27)	22
Permanent endowment fund	13	-	-	-	-	13
Total funds	21,676	12,572	(13,894)	174	-	20,528

Designated funds: The fixed asset in use fund has been set up to identify those funds that are not free funds and it represents the net book value of tangible fixed assets. The transfer between general funds and designated funds represents the net movement in the net book value of fixed assets in the year.

Restricted funds: These represent donations, legacies and grants received for specific purposes. Income for capital expenditure is shown within transfers to unrestricted funds where spent in the year, or carried forward where unspent.

Permanent endowment fund: This represents part of the total assets of the Canterbury Dispensary Fund, received in the year to 31 March 2000. The capital is invested in a unit trust.

24 Analysis of group net assets between funds	General funds	Designated funds	Restricted funds	Endowment funds	Total 2014	Total 2013
	£'000	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 March 2014 are represented by:						
Tangible fixed assets	-	11,040	-	-	11,040	11,378
Investments	8,860	-	-	13	8,873	9,920
Current assets	1,823	-	22	-	1,845	1,438
Current liabilities	(1,230)	-	-	-	(1,230)	(1,055)
Long term liabilities	-	-	-	-	0	(5)
Total net assets	9,453	11,040	22	13	20,528	21,676

25 Taxation

As a registered charity, the company has no liability to Corporation Tax.

**Notes forming part of the financial statements
for the year ended 31 March 2014**

26 Financial commitments

At 31 March 2014 the group had annual commitments under non-cancellable leases as follows:

	2014		2013	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date:				
Within one year	8	4	4	2
Two to five years	110	1	103	5
More than five years	140	-	113	-

27 Legacies

In accordance with accounting policy note 1(c), the trustees estimate that they will in due course receive a further £624k in respect of deaths that occurred prior to 31 March 2014. This estimate is based on information available to the trustees shortly before they approved these accounts.

28 Control relationships

There is no one controlling party over the reporting entity as all trustees have equal standing.

29 Related parties

The charity wholly owns Pilgrims Hospice Trading Limited, Hospice Shops Limited and Pilgrims Hospice Lottery Limited.

Pilgrims Hospice Trading Limited contributed £3,000 (2013 - £3,000) to the charity towards the rent of the premises occupied by the company and the cost of wages and salaries and £21,432 (2013 - £17,595) for the cost of food provided. In addition the company paid £40,915 (2013 - £29,264) to the charity by way of gift aid. At the balance sheet date the company was owed by the charity £292 (2013 - £3,057). This amount is unsecured, interest free and repayable within one year.

Hospice Shops Limited has been dormant since 1 April 2012. At the balance sheet date the company was owed £3 (2013 - owed £3) by the charity. This amount is unsecured, interest free and repayable within one year.

Pilgrims Hospice Lottery Limited has been dormant since 1 April 2012. At the balance sheet date the company was owed by the charity £2 (2013 - £2). This amount is unsecured, interest free and repayable within one year.

30 Pension note

The charity also participates in the Baptist Pension Scheme (the Plan). The Plan is funded and is not contracted out of the state scheme. It is a multi-employer pension plan and it is not possible, in the normal course of events, to identify, on a reasonable and consistent basis, the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable. While the Plan is primarily a defined contribution scheme it has inherent guarantees that mean the charity may need to make further contributions to meet deficits.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definitions. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up. The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The charity has been notified by the Baptist Pension Scheme of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 31 March 2011. As of this date the estimated employer debt for the Charity was £80,000. This potential debt is included in the financial statements in current liabilities. The charity has not been notified of additional contributions that will be payable in order to eliminate the deficit in the Plan. In accordance with the charity's accounting policy, any such expenditure will be recognised in the accounts as the contributions become payable. The trustees consider any such excess unlikely.