



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

Report and financial statements for year ended 31 March 2015

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 2015

Trustees

R J Davis FCA TEP	(Treasurer and elected Chairman 2 July 2014)
Dr R G Morey	(Chairman - resigned 23 June 2014)
S Andrews CBE	
M S August	
Dr A Dhiman	
L J Goode	(resigned 23 June 2014)
A J Hogarth	
P M A King	
Dr R N McWilliams	
S Perks	(appointed 25 September 2014)
L Selman	(resigned 30 April 2015)

Chief Executive

C Russell	(appointed 9 February 2015)
S J Auty	(resigned 27 June 2014)
S Stacey	(interim Chief Executive - appointed 27 June 2014, resigned 31 January 2015)
P R F Simpson FCA	(acting Chief Executive 1 February 2015 to 8 February 2015)

Company Secretary

P R F Simpson FCA

Executive team

C Russell	Chief Executive (appointed 9 February 2015)
H C Bennett FCIPD	Director of HR and Workforce Development
Dr C Butler FRCP	Director of Medicine
P Evans BScN	Director of Nursing (resigned 31 August 2014)
W Hills	Director of Nursing and Care (appointed 18 May 2015)
S Sharp	Director of Income Generation (appointed 15 June 2015)
P R F Simpson FCA	Director of Finance and IT

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

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

Solicitors

Furley Page, 39 St Margaret's Street, Canterbury, Kent CT1 2TX
Girlings, Stourside Place, Station Road, Ashford, Kent TN23 1PP

Investment advisors

Coutts & Co, 440 Strand, London WC2R 0QS

Website

www.pilgrimshospices.org

Accounts and Strategic Report of the trustees for the year ended 31 March 2015

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 2015. 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 2015 there were nine trustees, and the board is currently in the process of recruiting more. They govern in accordance with the Memorandum and Articles of Association originally incorporated in the name of the East Kent Hospice Project.

Trustees are recruited by open recruitment 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.

Following the appointment of the new Chief Executive, Cate Russell, the management and organisational structure of the charity is under review. 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 regularly with the Chief Executive to plan longer term strategy. Trustees meet quarterly with members of the executive team on sub-committees, including fundraising and marketing, finance, complaints and management of our retail outlets to address complaints and review performance.

The Chief Executive and members of the executive team meet regularly informally and formally monthly. There are daily situation review meetings and weekly operational meetings to manage the day to day running of the hospice. 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.

During the year the way in which the inpatient units are managed has been changed in order to be able to make full use of the staffing resources available across all three sites. Accordingly Senior Nurse Managers have been appointed with responsibility across all three sites for inpatient services, outreach and day services and community services. In addition, senior nurses have been appointed to manage the other

services such as social work, counselling, physiotherapy, complementary therapies and spiritual and pastoral care for patients, their families and carers.

Pilgrims Hospices is supported by many volunteers, as described below, and the management structure to support them is being strengthened by the employment of a Volunteer Development Manager.

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.

Pilgrims Hospice Lottery Limited (No. 3130167, directors Mr R J Davis, Mr M S August) is now a dormant company.

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.

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 financial year, contributed about 26% of our running costs across the three sites, level with the previous 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 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. A volunteer consultative committee has also been established

Accounts and Strategic Report of the trustees for the year ended 31 March 2015

where representatives of the volunteers can raise matters of concern with the executive team.

The senior managers and the HR Department actively seek to make all employees and volunteers aware of the state of the charity's finances and involve them 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:

"Our vision is of a community where people with a terminal illness are supported, together with their family and friends, to live well in mind and body, free from pain and distress, until the very last moment of their life."

Accordingly:

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 'Hospice UK' (formerly '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 sections of this report.

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 – 2,307 (2,383) |
| 2) | Total number of deaths – 1,739 (1,738) |
| 3) | Number of inpatient admissions – 1,197 (1,393) |
| 4) | Average length of inpatient stay – 10.1 days (10.5) |
| 5) | Number of home visits carried out by Community Nursing Team – 7,688 (7,383) |
| 6) | Total number of day hospice attendances – 2,669 (4,186) |
| 7) | Number of attendances at outpatient clinics and other services – 3,755 (3,152) |

Activity in most of these areas is satisfactory and reflects an increase in community care, which will include our outreach centres, over in-patient care. However, the fall in day hospice attendances will be addressed during the coming year in order to increase them.

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.

Accounts and Strategic Report of the trustees for the year ended 31 March 2015

In line with our stated policy, we continue to seek to increase the number of patients we care for who are 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 two years. 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 £142,000 of income and there are plans to increase the revenue provided by this useful and valuable resource.

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 £405,000 (prior year deficit £1.15 million), an improvement on the previous year, helped by a small increase in income and reduction in costs, and to a larger extent by a strong performance by our investments showing a gain of £695,000, compared with £174,000 in the previous year. During the year investments totalling £500,000 were liquidated to finance this deficit and a property was sold.

The balance sheet continues to reflect a strong financial position with £9.5 in unrestricted funds, underpinned by £9 million in free investments, which are not used in the operation of the charity. The trustees recognise that selling investment assets to fund the deficit is not sustainable and a strategy to tackle this is being put in place by our new Chief Executive, Cate Russell.

Our free reserves stood at just over £9.5 million, which represents well over six months of operating costs and exceeds the level of £6 million which the trustees consider to be the minimum requirement. The trustees consider that as the charity's income is derived from many different sources, the risk to the charity is minimised.

Income Generation

We continue to receive a grant from the local NHS CCG under a service funding agreement which amounted to about 26% of our running costs, leaving 74% of revenue funding to be raised from voluntary sources. As stated earlier, our income rose in most areas and the shops and lottery had record years. The shops, staffed largely by volunteers, raised £1.37 million, and the hospice lottery raised £574,000. 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 and our annual Summer and Christmas Fairs at each hospice, giving us a direct contribution of nearly £360,000, although this figure does not reflect all the additional donations generated by these events. In all, including our many enthusiastic fund-raising groups, total fundraising income exceeded £1 million. Legacies and donations, including 'in memoriam' donations, contributed another major portion of our funding needs, amounting to £3.5 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 there are now over 19,300 players each week, which is a fantastic effort and a record. In addition lottery scratch-cards were launched last year. We are extremely 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

Accounts and Strategic Report of the trustees for the year ended 31 March 2015

across east Kent continuing to provide a valuable source of income for the charity, which this year amounted to a profit of £574,000.

Shops had a record year, generating a profit of £1.37 million. The new larger shop in Folkestone opened on two floors and is trading very successfully and the old Folkestone shop in Rendezvous Street has now been sold. The project to introduce electronic tills has now been completed and as a result of this we have been able to recover over £58,000 in Gift Aid, which we are planning to increase to an annual amount of £250,000. A new initiative has also been launched "Caring Clearance" whereby we help clear people's houses, often at times of stress. Drawing on our experience, we are able to undertake this in a considerate way and also raise funds for the charity. This has been very successful and we expect a substantial income from this in future. At 31st March 2015 there were 19 general shops, 6 specialist shops, 7 furniture shops 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:

- that provision of this type of care involves ongoing running costs, currently in the region of £11 million per year, three-quarters of which has to be derived from voluntary sources.
- £10.5 million is directly invested in providing these services.
- there is a requirement to provide assurance to those who give so generously that the trustees will be able to continue to provide patient care to within the ever more demanding needs of the community.
- Our income generation activity has an annual cost to the charity of approximately £3 million and accordingly we need to generate approximately £14 million per year.

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 2015 stood at £9.5 million which include £6.8 million invested in quoted investments, £2 million in investment properties and £182,000 in cash and its equivalent. The trustees have agreed that the total of free investments, i.e. those that are not used in the day to day operation of the charity, must not be less than £6 million. The trustees are very concerned that the current level of expenditure against income is unsustainable in the longer term and the executive team is actively exploring ways of funding this deficit without compromising the goals set out in the mission statement or the quality of care.

Accounts and Strategic Report of the trustees for the year ended 31 March 2015

Investment Policy and Returns

At the end of the year there was £866,000 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 90% 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 £500,000 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. Whilst it is the trustees' intention to retain these for income, it has been agreed to dispose of at least three properties in order to keep the weighting of the charity's investments between those managed by Coutts and freehold properties. The trustees are confident that, having taken advice, the carrying value of the properties at £2 million, a surplus of £291,000 over cost, is an accurate reflection of their market value at 31st March 2015.

The general investment policy for our investment portfolio, adopted by the trustees and managed by our investment advisers Coutts & Co, is to grow the investments above inflation whilst receiving an income, in the context of achieving these objectives over a minimum of eight years. At the balance sheet date (prior year in brackets) the portfolio profile was fixed interest 26.5% (24%), equities 67% (64%), other investments 4% (8%) and un-invested cash on hand of 2.5% (4%). As markets have recovered the proportion of fixed interest to equity and other investments has risen on account of equities continuing to pick up and becoming a more attractive proposition than the generally safer, but lower yielding, fixed interest options.

The Coutts portfolio manager actively monitors portfolio volatility and discusses the risks with trustees at regular portfolio meetings.

The value of our investment portfolio at 31st March 2015 is set out below.

Sector description	Market Value £ at 31 March 2015	% of total value
Equities		
Europe	448,012	6.41
Global	569,191	8.15
Japan	262,073	3.75
North America	710,559	10.17
Pacific Basin	323,770	4.63
United Kingdom	2,356,693	33.74
Total equities	4,670,298	66.85
Fixed interest		
Global	331,788	4.75
United Kingdom	1,523,014	21.80
Total fixed interest	1,854,802	26.55
Alternative funds		
Global	279,661	4.00
Total alternative funds	279,661	4.00
Cash accounts	181,727	2.60
Total portfolio value	6,986,488	100%

Following the year end, in April, a further £750,000 was liquidated.

Accounts and Strategic Report of the trustees for the year ended 31 March 2015

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).

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

The trustees have been looking at three options for the Canterbury site, two of which are to refurbish or redevelop our premises in London Road but this would inevitably be disruptive to patients' care for a considerable period of time.

However, on May 12th the Trustees agreed to explore a third option which has been identified through the Tory Family Foundation Charity, a long term financial supporter of Pilgrims Hospices. This charity is offering to substantially fund a new purpose-built hospice on a new site within Canterbury as part of a wider development (subject to planning consent). Because we will not incur any up-front expenditure for this, all our fundraising can continue to be used for our patient care. Our services would transfer to the new site when complete. Once vacant, the London Road site may then be sold to offset our contribution to the construction costs of the new hospice with any balance remaining with Pilgrims Hospices, all in accordance with appropriate charity legislation.

The charity is also undertaking a series of initiatives to increase its income whilst controlling its costs. Shops are budgeted to contribute substantial additional income, following the completed programme of refurbishments along with the Gift Aid and Caring Clearance initiative, 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 and an increase in fundraising staff in targeted areas. Lottery income continues to grow and the sale of scratch cards will yield additional income. Action is being taken to ensure that costs across the three sites are more tightly controlled and a centralised buying and procurement is being put in place.

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. Further risks exist 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, the loss of the database on which draws are based with the consequent inability to carry out the weekly draw. There are constant initiatives in place to maintain the membership 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.

Accounts and Strategic Report of the trustees for the year ended 31 March 2015

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
- 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.

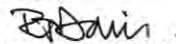
Charity website

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 23rd July 2015 and signed on its behalf by

R J Davis


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R J Davis

Trustee

Independent auditors' report for the year ended 31 March 2015 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 2015 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 charitable 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 charitable 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 page 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

We have been appointed auditor under the Companies Act 2006 and report in accordance with this act. 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 group's and the parent 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 (including the strategic 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 2015, 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' annual 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 2015
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:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

MHA MacIntyre Hudson
Duncan Cochrane-Dyet FCA

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

Date: 23 July 2015

**Consolidated statement of financial activities
(incorporating an income and expenditure account)
for the year ended 31 March 2015**

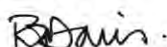
	Notes	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2015 £'000	Total 2014 £'000
INCOMING RESOURCES							
Incoming resources from generated funds:							
Voluntary income:							
Donations and gifts	2	1,232	-	225	-	1,457	1,161
Legacies		1,344	-	705	-	2,049	2,318
Activities for generating funds:							
Fundraising	3	1,039	-	17	-	1,056	1,095
Income from trading subsidiaries	4	78	-	-	-	78	86
Income from trading activities	5	4,051	-	-	-	4,051	3,924
Investment income	6	273	-	-	-	273	292
		8,017	-	947	-	8,964	8,876
Incoming resources from charitable activities:							
Grants receivable	7	2,433	-	661	-	3,094	3,108
Fees receivable	8	554	-	-	-	554	588
		2,987	-	661	-	3,648	3,696
TOTAL INCOMING RESOURCES		11,004	-	1,608	-	12,612	12,572
RESOURCES EXPENDED							
Cost of generating funds:							
Fundraising costs	9	551	-	-	-	551	548
Trading subsidiaries' costs	4	53	-	-	-	53	43
Trading activities' costs	5	2,117	-	-	-	2,117	2,135
Investment management fees		44	-	-	-	44	43
		2,765	-	-	-	2,765	2,769
Charitable activities:							
In-patient	10	7,011	-	1,556	-	8,567	8,636
Community services	11	1,507	-	-	-	1,507	1,712
Counselling	12	357	-	-	-	357	345
Information and education	13	408	-	-	-	408	320
Governance costs	14	108	-	-	-	108	112
		9,391	-	1,556	-	10,947	11,125
TOTAL RESOURCES EXPENDED		12,156	-	1,556	-	13,712	13,894
Net (outgoing)/incoming resources before transfers		(1,152)	-	52	-	(1,100)	(1,322)
Gross transfers between funds	23	537	(537)	-	-	-	-
Net (outgoing)/incoming resources before recognised gains and losses	15	(615)	(537)	52	-	(1,100)	(1,322)
Net gains on investment assets	19	695	-	-	-	695	174
Net movement in funds in the year		80	(537)	52	-	(405)	(1,148)
Reconciliation of funds:							
Total funds brought forward		9,453	11,040	22	13	20,528	21,676
Total funds carried forward		9,533	10,503	74	13	20,123	20,528

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 £1,406k (2014: deficit £1,241k). The net expenditure for the year calculated on a historical cost basis would be £304k (2014: deficit £1,044k). Note 18 gives details of changes in resources applied for fixed assets for charity use.

Consolidated and Charity balance sheets
as at 31 March 2015

	Notes	Group 2015 £'000	Group 2014 £'000	Charity 2015 £'000	Charity 2014 £'000
Fixed assets					
Tangible assets	18	10,503	11,040	10,503	11,040
Investments	19	8,963	8,873	8,963	8,873
		19,466	19,913	19,466	19,913
Current assets					
Stocks		4	5	-	-
Debtors	20	1,036	848	1,046	858
Cash at bank and in hand		866	992	856	987
		1,906	1,845	1,902	1,845
Creditors					
Amounts falling due within one year	21	1,249	1,230	1,246	1,230
Net current assets		657	615	656	615
Total assets less current liabilities		20,123	20,528	20,122	20,528
Net assets		20,123	20,528	20,122	20,528
Funds					
Unrestricted funds - general funds - includes revaluation reserve of £995k (2014: £1,045k)	23	9,533	9,453	9,532	9,453
Designated funds	23	10,503	11,040	10,503	11,040
Restricted funds	23	74	22	74	22
Permanent endowment fund	23	13	13	13	13
Total funds		20,123	20,528	20,122	20,528

Approved by the board of trustees for issue on 23 July 2015



R J Davis
Chairman of the board of trustees

Company number 2000560

Pilgrims Hospices in East Kent

Consolidated cash flow statement for the year ended 31 March 2015

		2015 £'000	2014 £'000
Net cash (outflow) from operating activities	Note 1 below	(806)	(1,163)
Returns on investments			
Interest received (including tax recovered)		149	166
Net cash inflow from returns on investments		149	166
Capital expenditure and financial investment			
Payments to acquire tangible assets		(74)	(189)
Payments to acquire investments		(4,724)	(2,283)
Receipts from sale of investments		5,329	3,504
Net cash inflow from capital expenditure and financial investment		531	1,032
Management of liquid resources			
Decrease in short term deposits		-	-
(Decrease)/increase in cash	Note 2 below	(126)	35

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

	2015 £'000	2014 £'000
Net (outgoing) resources	(1,100)	(1,322)
Depreciation and loss on disposals	611	527
Decrease in stocks on hand	1	-
(Increase) in debtors	(188)	(372)
Increase in creditors	19	170
Investment income (excluding rents receivable)	(149)	(166)
	(806)	(1,163)

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

	2015 £'000	2014 £'000	Change in year £'000
Cash at bank and in hand	866	992	(126)

**Notes forming part of the financial statements
for the year ended 31 March 2015**

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 2015

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 2015**

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

	2015 £'000	2014 £'000
Donations	1,428	1,145
Contributions from patients	29	16
	1,457	1,161

3 Fundraising income

	2015 £'000	2014 £'000
General fundraising	603	805
Gross proceeds of events	453	290
	1,056	1,095

4 Income and expenditure of trading subsidiary

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
	2015 £'000	2014 £'000
Turnover	78	86
Cost of sales	43	40
	35	46
Administration costs	10	3
Net profit	25	43
Amount gift aided to the charity	(25)	(43)
Retained profit brought forward	-	-
Retained profit carried forward	-	-

Notes forming part of the financial statements
for the year ended 31 March 2015

4 Income and expenditure of trading subsidiaries (continued)

	2015 £'000	2014 £'000
The aggregate of assets, liabilities and funds was:		
Assets	7	7
Liabilities	(7)	(7)
Net assets	-	-
Represented by:		
Ordinary shares of £1 each	-	-
Profit and loss account	-	-
Total funds	-	-

5 Trading activities

	2015 £'000	2015 £'000	2015 £'000	2014 £'000
	Shops	Lottery	Total	Total
Turnover	2,976	1,075	4,051	3,924
Costs of sales	-	-	-	-
Prizes	-	212	212	217
Other	27	135	162	169
	27	347	374	386
	2,949	728	3,677	3,538
Administrative costs				
Wages and salaries	705	95	800	757
Rent and rates	340	-	340	333
Repairs and renewals	45	-	45	48
Depreciation	113	4	117	131
Administrative costs	386	55	441	480
	1,589	154	1,743	1,749
Net profit	1,360	574	1,934	1,789

6 Investment income

	2015 £'000	2014 £'000
Income from listed investments:		
Fixed interest	61	76
Unit trusts	1	1
Managed funds	81	81
Interest receivable on cash deposits	6	8
Net rents receivable	124	126
	273	292

7 Grants receivable

	2015 £'000	2014 £'000
Local Health Authority	2,861	2,827
Department of Health	233	281
	3,094	3,108

Notes forming part of the financial statements
for the year ended 31 March 2015

8	Fees receivable	2015	2014
		£'000	£'000
	Medical fees	410	460
	Ministers' fees	1	5
	Mesothelioma compensation	1	40
	Course fees and hire of facilities	142	83
		<u>554</u>	<u>588</u>
9	Fundraising costs	2015	2014
		£'000	£'000
	Wages and salaries	449	434
	Publicity	33	38
	Sundry	28	23
	Event costs	41	53
		<u>551</u>	<u>548</u>
10	In-patient costs	2015	2014
		£'000	£'000
	Doctors salaries	1,041	1,166
	Nurses salaries	3,151	3,144
	Chaplains and therapists salaries	574	746
	Administrative support salaries	744	614
	Catering, domestic and maintenance salaries	726	695
	Food	108	132
	Medical supplies	80	77
	Laundry and cleaning	138	141
	Heat, light and water	138	148
	Repairs and maintenance	299	228
	Department of Health grant expenditure	233	281
	Depreciation	384	396
	(Profit) on disposal of fixed assets	(26)	(2)
	Postage	26	20
	Recruitment advertising and fees	71	9
	Telephone	14	14
	Insurance	33	35
	Travel and sundry	54	59
	Support costs	779	733
		<u>8,567</u>	<u>8,636</u>
11	Community services costs	2015	2014
		£'000	£'000
	Wages and salaries	1,176	1,329
	Travel and sundry	167	199
	Consultancy	-	14
	Telephone	28	24
	Support costs	136	146
		<u>1,507</u>	<u>1,712</u>

Pilgrims Hospices in East Kent

Notes forming part of the financial statements for the year ended 31 March 2015

12	Counselling	2015	2014
		£'000	£'000
	Wages and salaries	319	308
	Travel and sundry	7	8
	Support costs	31	29
		357	345

13	Information and education	2015	2014
		£'000	£'000
	Wages and salaries	228	204
	Course fees and expenses	65	47
	Professional books and journals	4	3
	Travel and sundry	34	3
	Costs of education centre	40	37
	Support costs	37	26
		408	320

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.

	In-patient	Community	Counselling	Information	Governance	Total	Total
	£'000	services	£'000	& Education	£'000	2015	2014
		£'000	£'000	£'000	£'000	£'000	£'000
Wages and salaries	562	99	24	27	79	791	632
Occupational health	9	2	-	-	1	12	18
Life assurance	8	1	-	-	1	10	12
Printing and stationery	23	4	1	1	3	32	42
Telephone	1	-	-	-	-	1	3
Travel	10	2	-	-	1	13	7
Computer costs	95	17	4	5	13	134	141
Repairs and renewals	2	-	-	-	-	2	1
Bank charges	12	2	-	1	2	17	17
Auditors' remuneration	12	2	-	1	2	17	15
Professional fees	13	2	1	1	2	19	28
Consultancy fees	21	4	1	1	3	30	133
Sundry	11	1	-	-	1	13	(3)
	779	136	31	37	108	1,091	1,046

15	Net outgoing resources of the group	2015	2014
		£'000	£'000
	The surplus of expenditure over income is stated after charging:		
	Depreciation	503	527
	Auditors remuneration : audit fees	27	26
	Lease rental of motor vehicles	1	11
	Lease rental of land and buildings	305	224

Notes forming part of the financial statements
for the year ended 31 March 2015

16 Trustees' remuneration

The trustees neither received nor waived any emoluments during the year (2014: £Nil). £2,024 out of pocket expenses were reimbursed to trustees (2014: £396). The trustees took out indemnity insurance at a cost of £954 (2014: £928) in the year under review.

17 Staff costs

	2015 £'000	2014 £'000
Wages and salaries	7,963	7,646
Social security costs	610	593
Pension costs	595	505
	9,168	8,744

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	3	2
£70,001 - £80,000	2	1
£80,001 - £90,000	1	2
£90,001 - £100,000	2	1
£110,001 - £120,000	1	-

9 employees (2014: 6) earning more than £60,000 participated in a pension scheme at a cost of £71,215 (2014: £56,458).

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

Fundraising	13	15
Trading	27	26
In-patient	153	152
Community services	40	41
Counselling	9	9
Information and education	5	5
Administration and support	28	25
	275	273

Pilgrims Hospices in East Kent

Notes forming part of the financial statements for the year ended 31 March 2015

18 Tangible fixed assets		Freehold land and buildings	Long lease- hold land & buildings	Furniture & furnishings	Equipment	Motor vehicles	Total
a) The charity		£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 April 2014		10,967	2,554	287	578	88	14,474
Additions		-	34	-	40	-	74
Disposals		(133)	-	-	(112)	(10)	(255)
At 31 March 2015		10,834	2,588	287	506	78	14,293
Depreciation							
At 1 April 2014		2,032	740	187	412	63	3,434
Charge for year		256	128	24	83	12	503
On disposals		(25)	-	-	(112)	(10)	(147)
At 31 March 2015		2,263	868	211	383	65	3,790
Net book value							
At 31 March 2015		8,571	1,720	76	123	13	10,503
At 31 March 2014		8,935	1,814	100	166	25	11,040
b) The group							
		Freehold land and buildings	Long lease- hold land & buildings	Furniture & furnishings	Equipment	Motor vehicles	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 April 2014		10,967	2,647	279	624	180	14,697
Additions		-	34	-	40	-	74
Disposals		(133)	0	-	(112)	(10)	(255)
At 31 March 2015		10,834	2,681	279	552	170	14,516
Depreciation							
At 1 April 2014		2,032	822	196	450	157	3,657
Charge for year		256	128	24	83	12	503
On disposals		(25)	-	-	(112)	(10)	(147)
At 31 March 2015		2,263	950	220	421	159	4,013
Net book value							
At 31 March 2015		8,571	1,731	59	131	11	10,503
At 31 March 2014		8,935	1,825	83	174	23	11,040

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:

	2015 £'000	2014 £'000
Net book value	-	4
Depreciation	-	4

Notes forming part of the financial statements
for the year ended 31 March 2015

19 Fixed asset investments	Market value 2014 £'000	Additions £'000	Disposal proceeds £'000	Net investment gains £'000	Market value 2015 £'000	Historical cost 2015 £'000
Charity and Group						
Freehold properties	1,908	-	(61)	129	1,976	1,685
Quoted investments:						
Fixed interest	1,677	852	(808)	134	1,855	1,699
Managed funds (equity based)	4,435	3,692	(3,885)	428	4,670	4,194
Alternative investment funds	563	180	(467)	4	280	248
Cash at bank	290		(108)	-	182	193
Total	8,873	4,724	(5,329)	695	8,963	8,019

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

	Market value £'000	Historical cost £'000
Coutts Fund Managers UK Sovereign Bond	363	329
Coutts Fund Managers UK Specialist Equity Income	576	546
C F Lindsell UK Equity	471	385

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 £206k is reflected in these accounts.

Investment properties

During the year informal valuations of the properties were undertaken by professional advisors. Based on these, the trustees' best estimate of their value at 31 March 2015 is £1,976k, which compares favourably with the historical cost of £1,685k.

20 Debtors	Group 2015 £'000	Group 2014 £'000	Charity 2015 £'000	Charity 2014 £'000
General debtors	255	553	254	563
Amounts owed by group undertaking	-	-	11	-
Legacies	591	126	591	126
Prepayments	152	151	152	151
Income Tax recoverable	38	18	38	18
	1,036	848	1,046	858

21 Creditors: amounts falling due within one year	Group 2015 £'000	Group 2014 £'000	Charity 2015 £'000	Charity 2014 £'000
Trade creditors	591	477	591	477
Amounts due under finance leases (secured against the assets to which they relate)	-	5	-	5
Taxation and social security costs	166	66	166	66
Accruals	328	508	325	508
Deferred income (advance lottery subscriptions)	164	174	164	174
	1,249	1,230	1,246	1,230

Pilgrims Hospices in East Kent

Notes forming part of the financial statements for the year ended 31 March 2015

23 Statement of funds	2014	Incoming	Resources	Investment		2015
	£'000	resources	expended	gains	Transfers	£'000
		£'000	£'000	£'000	£'000	
General funds	9,453	11,004	(12,156)	695	537	9,533
Designated funds:						
Fixed assets in use	11,040	-	-	-	(537)	10,503
Restricted funds:						
Ashford Hospice	15	246	(253)	-	-	8
Canterbury Hospice	7	463	(441)	-	-	29
Thanet Hospice	-	222	(192)	-	-	30
Hospice at Home	-	406	(406)	-	-	-
Department of Health	-	233	(233)	-	-	-
Local Authority restricted income	-	28	(22)	-	-	6
Memorial bricks	-	10	(9)	-	-	1
Total restricted funds	22	1,608	(1,556)	-	-	74
Permanent endowment fund	13	-	-	-	-	13
Total funds	20,528	12,612	(13,712)	695	-	20,123

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	Designated	Restricted	Endowment	Total	Total
	funds	funds	funds	funds	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 March 2015 are represented by:						
Tangible fixed assets	-	10,503	-	-	10,503	11,040
Investments	8,950	-	-	13	8,963	8,873
Current assets	1,832	-	74	-	1,906	1,845
Current liabilities	(1,249)	-	-	-	(1,249)	(1,230)
Total net assets	9,533	10,503	74	13	20,123	20,528

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 2015**

26 Financial commitments

At 31 March 2015 the group had annual commitments under non-cancellable leases as follows:

	2015	Other	2014	Other
	Land and buildings	£'000	Land and buildings	£'000
Expiry date:	£'000	£'000	£'000	£'000
Within one year	51	1	8	4
Two to five years	58	-	110	1
More than five years	143	-	140	-

27 Legacies

In accordance with accounting policy note 1(c), the trustees estimate that they will in due course receive a further £176k in respect of deaths that occurred prior to 31 March 2015. 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 (2014 - £3,000) to the charity towards the rent of the premises occupied by the company and the cost of wages and salaries and £20,080 (2014 - £21,432) for the cost of food provided. In addition the company paid £16,673 (2014 - £40,915) to the charity by way of gift aid. At the balance sheet date the charity was owed by the company £11,125 (2014 - £292). 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 (2014 - £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 (2014 - £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.