



# Pilgrims Hospices in East Kent

(A company limited by guarantee)

Trustees' report and financial statements  
for the year ended 31 March 2018

Charity number 293968

Company number 2000560

[www.pilgrimshospices.org](http://www.pilgrimshospices.org)

---

<b>Contents</b>	<b>Page</b>
Chairman's introduction	1
Report of the trustees	2-15
Report of the independent auditors	16-18
Group statement of financial activities	19
Group and charity balance sheets	20
Group statement of cash flows	21
Notes forming part of the financial statements	22-38

## ***Chairman's introduction***

*You will find on the following 37 pages both the Trustees' Annual Report and the financial statements for the year ended 31 March 2018. The financial statements provide the detail of our financial performance and financial strength and the Trustees' Annual Report provides the link between our legal purposes and our aims and objectives, and the activities undertaken to achieve them.*

It is encouraging to see that there is a great deal of similarity between the 2018 accounts and report and the 2017 accounts and report as we continue to build the hospice for the long term. We continue to respond to the challenges and opportunities arising from the continuously changing landscape of the NHS and social care, and the demands of our local communities.

We are fortunate to be reporting on another successful year in financial terms. This gives the trustees confidence to continue with all the work highlighted last year. In addition, we are looking in depth at the opportunity given by our recent financial successes to make sure we have facilities that will be best suited to the communities we serve in the years to come. These are challenging times for all in the charity sector. We recognise that public confidence in the sector remains low, and adverse publicity given to safeguarding and whistle-blowing issues at certain other national charities means that as a board we have to constantly check to see that our policies and procedures are relevant and observed.

I believe our successful financial results reflect the confidence our communities have in our team and the need to ensure that, in so far as possible, we are available to help everyone in our local area facing a terminal diagnosis. There is a need to help, both patients and carers live well in every moment.

Our work would not be possible without the generosity of our donors and supporters who consistently support our cause through regular giving, naming us in their wills and their innovative fundraising efforts, as well as the army of volunteers who give their time freely across our hospices, in our shops and out in the community. Without that support there would be no 'Pilgrims Hospices in East Kent'.

Some that read this may want more information about the work we do. I urge you to look at our website at [www.pilgrimshospices.org](http://www.pilgrimshospices.org) and sign up for our newsletter 'Pilgrims Matters'. If you have a concern or a question, please email Cate Russell, our Chief Executive, at [talk2cate@pilgrimshospices.org](mailto:talk2cate@pilgrimshospices.org) or my fellow trustees and I at [trustees@pilgrimshospices.org](mailto:trustees@pilgrimshospices.org).

Alasdair Hogarth retired on health grounds as a trustee early on in our financial year . We all felt very sad when the news came through later in the summer that he had lost his own battle against cancer. I shall particularly remember him as a very steady hand skilfully supporting us all in some very challenging times. He certainly made a difference and it is an honour to have worked with him.

*Richard Davis*  
*Chairman*

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2018

The trustees are pleased to present their annual report together with the consolidated financial statements of the charity (and its subsidiary) for the year ended 31 March 2018 which are also prepared in order to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial elements comply with the Charities Act 2011, the Companies Act 2006, the Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015).

### STRUCTURE, GOVERNANCE AND MANAGEMENT

#### STRUCTURE

Pilgrims Hospices in East Kent is a registered charity and company limited by guarantee. The guarantee of each member is limited to £1. It was incorporated on 14th March 1986 and is governed by its Articles of Association. Pilgrims Hospices in East Kent has three wholly owned 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 R J Davis) is now a dormant company.

Pilgrims Hospice Lottery Limited (No. 3130167, director R J Davis) is now a dormant company.

Pilgrims Hospices Trading Limited (No. 07993259, director R J Davis) handles the taxable trading activities of the charity, other than the running of the charity shops, and, along with the charity, is registered for VAT under a group registration scheme.

#### GOVERNANCE

The charity is governed by a board of trustees numbering not less than five and not more than eighteen. As at 31st March 2018 there were fifteen trustees. They govern in accordance with the Articles of Association and bring relevant experiences and skill sets as determined by a regular skills audit of the board, from which recruitment is driven. These sectors currently include, for example, medical, business, spiritual/religion, education, legal, accounting, PR, IT and academia.

New trustees are appointed initially by the board following a formal process which includes interviews by a sub-committee of the board and by the Chairman and Chief Executive, leading to a recommendation by the sub-committee to the board. Applicants are sought from a combination of publicly advertised vacancies, executive search and personal referrals. Successful applicants are subject to re-election by the members at the next Annual General Meeting following their appointment by the board. The policies and procedures for trustee induction and training are similar to those set out for all employees of the charity. Training of the trustees is reviewed against individual training needs and a full introduction and induction to the organisation is given to new trustees on and shortly following their appointment.

Since August 2016, following amendments to the Articles of Association, trustees are appointed for an initial three year term and may be re-appointed for two further three year terms. A trustee who has served for 9 years can only be re-elected by unanimous resolution of the members and for a term not exceeding 5 years. During 2017, the members unanimously agreed to re-elect Richard Davis and Nigel McWilliams, who had served for 24 and 9 years respectively, for a further year. Their contributions to the charity continue to be

highly effective and their performance as trustees have been committed, independent and invaluable. The board normally meets four times a year to review strategy and performance and is helped in its work by trustee-led sub-committees.

The board recognises that good governance is essential for the success of the charity and is continuing to develop its governance having regard to the principles set out in the Charity Governance Code for larger charities. The Nominations Committee is in the process of reviewing the implementation of the code using the diagnostic tool available on the Charity Governance Code website.

The charity is a member of Hospice UK, an umbrella body which supports hospices throughout the UK.

## OUR COMMITTEES

Board committees have delegated powers of responsibility but executive authority is retained by the board. They are chaired by a trustee, have written terms of reference and provide linkage to the main board and support to senior management. Trustees are selected as committee members having regard to their skills, knowledge and expertise and committees may include appropriately qualified individuals, who are not trustees, co-opted from outside the charity. Members of the senior management team also attend committee meetings relevant to them. Each committee reports to the board on any major issues discussed with recommendations, where decisions are required. Minutes of committee meetings are circulated to the board as a whole.

**The Finance, Audit and Risk committee** oversees the finances of the charity and its subsidiary company. It is responsible for reviewing and recommending to the board the financial strategy along with the annual budget and monitors performance against these. The committee also oversees the strategy for investing funds and keeps the board informed of relevant general changes in the financial environment.

**The Income Generation Committee** supports all fundraising activities of the charity, as well as communicating the hospices' vision, mission, and services to patients, carers, healthcare professionals and the public. It reviews the fundraising and retail plans before referring them to the board for approval.

**The Care Quality Committee** is responsible for overseeing clinical strategy and monitoring clinical operations and performance against the annual clinical plan. It has oversight of the charity's compliance with statutory regulations for care provision and ensures the care service model meets the physical and spiritual needs of our patients.

**The Remuneration Committee** undertakes an annual review of salary levels across all pay strands in the organisation and considers a range of factors including increases in the national cost of living and the position of comparable posts in same sector organisations as well as the financial position of Pilgrims Hospices and the affordability of any annual award. Pilgrims Hospices has a clear policy on how pay is set and arrived at in the organisation.

**The Nominations and Governance Committee** considers the corporate governance of the hospice. It reports to the board on any changes that may need to be made in order to comply with legal and regulatory requirements. It also reviews the board's skills mix and capabilities and makes recommendations on nominations for new membership to underpin the board's capability and diversity and to provide robust governance and directorship of the hospice.

The Chief Executive and the senior management team have delegated authority to manage the charity on a day to day basis within the annual budget agreed by the board. They have the specific skills and experience

to enable them to fulfil their roles and report progress on this at the quarterly board meetings and through financial reports to the trustees.

In addition, the senior management team meet formally every month to review all activity and adherence to the overall business plan. The output of these meetings and discussion points are disseminated throughout the business at regular management meetings. There is a flow of communication throughout the organisation which is cross functional and cross site with local issues managed at local management team meetings. Issues can be escalated to the senior management team and, where relevant, to the trustees. In addition, there are functional specific meetings with daily situation reviews of critical activity. This, together with additional weekly operational meetings, ensures that there is robust management of the day to day running of the hospices.

## 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 charitable company 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 principles in the SORP 2015 (FRS 102)
- 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 and the group 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 charitable company and the group and which enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## PRINCIPAL RISKS AND UNCERTAINTIES

The trustees regularly assess the risks and uncertainties that the charity is exposed to. The main risk that faces Pilgrims Hospices is its inability to deliver its mission statement including operational risks arising from workforce, financial and health and safety issues, as well as risks arising from general economic uncertainty, such as BREXIT, and other factors as well as uncertainty in the NHS.

Financial risk would include the loss of income arising from a loss of reputation and the trustees also recognise that the charity relies on two material amounts of funding arising from legacies and the NHS grant. Action is being taken to encourage the continued flow of legacies and a strong relationship is maintained with

the NHS to secure the continuance of the grant.

Workforce risks include the inability to be able to recruit and retain suitably qualified staff and this particular risk is also faced by many parts of the NHS. Currently we have a full compliment of clinical and support staff. We do however continue to face challenges in recruiting consultant grade doctors – this is a national problem amongst hospices providing end of life care due to the scarcity of doctors at this level in this area of specialism.

A formal risk register is in place and the trustees have adopted a risk management strategy whereby those risks are identified, the level of risk is assessed and systems for ameliorating them are put in place and regularly reviewed.

The risk register is reviewed monthly at a meeting of the senior management team and each member thereof, in turn, is responsible for managing identified risks, identifying further risks and reporting these upwards to the trustees for review. 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 as described above.

## REFERENCE AND ADMINISTRATIVE DETAILS

### Our Directors

The directors of the charitable company (the Charity) are its trustees for the purpose of charity law. The trustees and officers serving during the year and since the year end were as follows:

- Richard J Davis FCA TEP - Chairman
- Stephanie Bates LLB. (Hons.)
- Professor Jenny Billings MSc BSc (Hons.)
- Philip Bradshaw (appointed by the board, 1 January 2018)
- Grahame Connor (appointed by the board, 1 January 2018)
- Hereward Harrison
- Alasdair Hogarth (resigned 20 May 2017)
- Margo Laing (appointed by the board, 1 January 2018)
- Dr R Nigel McWilliams
- Simon Perks
- Elizabeth Sharp MB BS, FRCS
- Terry Smith
- The Rt Rev Dr Michael Turnbull CBE
- Karen Warden (appointed by the board, 1 January 2018)
- Paul Williamson (appointed by the board, 1 January 2018)
- Dr Ruth Wilson (appointed by the board, 1 January 2018)

If you would like further information on any of our trustees please look on our website:  
[www.pilgrimshospices.org](http://www.pilgrimshospices.org)

### Administrative details

Charity registered number: 293968

Company registered number: 2000560

Registered office: 56 London Road, Canterbury, Kent CT2 8JA

### Our Executive Team

- Cate Russell Chief Executive
- Helen C Bennett Director of HR and Workforce Development
- Wendy Hills Director of Nursing and Care
- Judith Rowland-Hill Director of Finance and IT/ Company Secretary - appointed 11 December 2017
- Sue Sharp Director of Income Generation and Marketing
- Jon Sillett Head of Operations
- Peter R F Simpson Director of Finance and IT/ Company Secretary - resigned 30 June 2017
- Dr Andrew Thorns Director of Medicine

## OUR ADVISERS

### Independent auditors:

MHA Macintyre Hudson, 71 New Dover Road, Canterbury, Kent CT1 3DZ

### Bankers:

- National Westminster Bank Plc
- Barclays Bank Limited
- CAF Bank Limited
- Lloyds Bank Plc
- Santander UK Plc

### Solicitors:

- Furley Page, 39 St Margaret's Street, Canterbury, Kent CT1 2TX
- Girlings, Stourside Place, Station Road, Ashford, Kent TN23 1PP
- Charles Russell Speechlys, 5 Fleet Place, London EC4M 7RD

### Investment advisers:

Coutts & Co, 440 Strand, London WC2R 0QS



## OBJECTS AND ACTIVITIES

*“Our vision is of a community where people with a terminal illness and their family and friends are supported and empowered to live well in mind and body until the very last moment of their life”*

Pilgrims Hospices cares for people across east Kent who are living with life limiting conditions such as cancer and other advanced illnesses which means they need specialist care and support. In the last year we cared for just over 2,500 patients, 27% of whom had a non-cancer diagnosis. Patients are referred to our service via our healthcare partners such as GPs, district nurses and the palliative care teams based in our local acute hospitals.

### Strategic Vision

In 2015, a Five Year Strategic Plan was agreed by the trustees to address the issues of the running costs of the hospice and its income generation. We are working with our external NHS partners to ensure our care model meets the needs of our patients and continue to develop our ways of working to maximise the skills and resources we have available.

As part of this process we have identified five key areas on which to focus our efforts so we can drive the organisation forward. We have set clear specific goals for each area and we are working towards delivering them.

### These key areas of focus are:

#### Individual Experience

*To continue to put the people needing our support at the centre of all we do.*

We put our patients and their families at the centre of all that we do and we work to ensure they experience the best we can offer at all times in all things so they get the chance to live well in mind and body until the last possible moment.

#### People Development

*To be recognised as a preferred employer within east Kent – attracting, developing and retaining talent across our organisation and for our volunteer services model to be recognised as best practice within the hospice universe.* To be able to offer the best individual experience we need talented people right across the service. They need to be passionate about their work and prepared to always ‘go the extra mile’.

#### Stakeholders

*To exceed expectations and be seen as leaders in the sector providing excellence in end of life care.*

We have many supporters and people who depend on us to provide an excellent service, as well as our employees and volunteers; collectively they are our ‘stakeholders’. A stakeholder is anyone with a vested interest in the work of Pilgrims from our patients and their families, to NHS commissioners and our volunteers and fundraisers; indeed, anyone who puts a coin into our collection tin has a right to expect that we will deliver on our promise to provide care. We have a team we are proud of here at Pilgrims, each individual has a wealth of experience; supporting and empowering people who are facing the end of their life – we want to share this knowledge and skill to set standards and reach as many people as possible.

These goals continue to be cascaded down to all staff and each year progress is reviewed and plans drawn up for the following year in order to ensure that the strategic vision is attained.

### Operations

To have a legally compliant, cost efficient operation that provides the optimum environment for achieving our vision for care.

With an employed team of 383 people, we care for families when they are at their most vulnerable. The environment in which we care needs to be uplifting as we do more than just relieve pain; we want those we care for and their families to enjoy life in lovely facilities. We also have to be safe and compliant with all health and safety regulations. As many of our staff provide care out in the community, their practice and safety is of paramount importance. All this has to be delivered in a cost effective way to make us sustainable, so every penny that we are given needs to be spent well.

### Finance

To achieve a balanced budget with a sustainable reserve.

We need to be financially stable in order to be here for families in east Kent when they need us. Accordingly, our outgoings must match our income and we must maintain healthy reserves for unforeseen changes in our circumstances or that of the environment in which we operate.

## **PUBLIC BENEFIT STATEMENT**

The trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2011 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 above in 'Objects and Activities' and the trustees ensure that this purpose is carried out for the public benefit.

## STRATEGIC REPORT

### ACHIEVEMENTS AND PERFORMANCE

We are now in the third year of the Five Year Strategic Plan and our goals are constantly being reviewed, with significant progress having been made. Further objectives have been set to ensure we realise our strategic choices and our vision of a community where people with a terminal illness and their family and friends are supported and empowered to live well in mind and body until the very last moment of their life.

#### Individual Experience

In the last year we have cared for 2,527 patients with an average stay of patients in our in-patient unit of 9 days. Patient numbers and referrals have remained steady with no more than a 5% increase or decrease year on year. We anticipate that the demand for our services will increase following the changes to social care and within the NHS. We have been running the new Well-being and Social Programme since October 2016, combining the best elements of our original day services with the latest best practice and innovation in supporting patients at the end of life. On review of this programme we have seen a reduction in the numbers of patients attending our therapy centres and this is a reflection on the behaviour of GP and community referring patterns. Patients are often referred too late and are therefore too frail to attend and benefit from the programmes. The insights we have gained from this close examination of our activity have been useful in informing our future clinical strategy. Our physiotherapists, nurses, therapists, doctors, social workers and spiritual leads all work together to alleviate symptoms and to help patients keep as much independence as possible, as well as giving very practical support for both the patient and their family. As the patient's condition changes so does their tailored plan – this means patients and families will join us on and off for quite some time before they need final care. The feedback so far from patients and families that have attended has been excellent; the service has had an average overall approval rating of 96% so we know that it meets the needs of the patients and we now need to work on achieving the referrals.

#### People Development

There are 383 employees in the organisation covering 282 posts – this is to allow people to job share and fit work around their preferred work life balance. Staffing numbers have remained constant throughout 2017/18. We have as many as twenty different functional areas within the organisation including doctors, nurses, physiotherapists, spiritual leads, social workers, counsellors, occupational therapists, research nurses, education teams, retail experts, catering teams, domestics, warehouse teams, hospice site managers, call centre teams, fundraising experts, marketing and communication teams as well as the administrative teams to support them. We run a complex business with very vulnerable people at the centre of our care. By working as one team we are able to work across three sites, sharing skills and resource which makes us robust and cost efficient with just under 90% of our income going on direct patient care. Currently we are the only hospice in the UK that has this infrastructure and we are able to provide a service whereby more people in east Kent, proportionally, end their life in a hospice bed than anywhere else in England.

We introduced the Personal Best development programme in early 2017 with the aim to increase employees' levels of happiness at work, foster greater engagement between staff and managers and enable everyone to respond positively to change so that we can continue to meet the needs of our patients, families and carers. The programme has supported participants to identify and achieve a work related or personal goal which matters to them. Feedback from delegates during the year was positive with 100% of attendees agreeing that the course had supported them in their personal or professional development. Managers also reported a positive impact, citing improvements in the performance of individual staff as well as a belief that the course was positive for the organisation as a whole.

Our National Hospice UK Staff and Volunteer Survey Results showed continued improvements compared to the previous year's survey and with an increased positive response in 29 areas. We are very pleased that 94% of those staff and volunteers feel proud to work or volunteer for Pilgrims. This response is 1% above the national average for all participating hospices.

We are supported by a team of over 1500 volunteers who contribute their time and expertise right across the organisation. We are continually grateful for this support, as we would not be able to offer the service without their commitment. Volunteers work in many areas; in our receptions welcoming and guiding relatives and visitors and working alongside our paid staff in many of our administration areas. They also help at our fundraising events; baking, crafting, marshalling, lifting and carrying, organising, and generally making them happen. We recognise that we may need to expand the contribution of the volunteers to meet our desire to give more support to families facing the challenges of life-limiting conditions.

Our retail business relies very heavily on the professionalism of volunteers which ensures we make an excellent profit from all our donated goods. The appointment of a Head of Retail in 2017 has been key to providing support to the large retail volunteer workforce to meet the ever increasing challenges as the face of high street retail changes.

The charity operates an open employment policy and welcomes applications for employment from everyone, regardless of age, disability, race, sex, pregnancy or maternity status, gender reassignment, marriage or civil partnership status, religion or belief (which includes non belief) or sexual orientation. In order to ensure that members of staff who have disabilities or who develop disabilities are employed, where reasonable, adjustments to their working conditions are made to enable them to continue working.

### Stakeholders

Our hospice service covers the whole of east Kent and within that geographical area there are four NHS commissioning groups – these are bodies that buy clinical services on behalf of GPs. This is likely to be reviewed under the latest proposals for rearranging the delivery of healthcare. We work very closely with our professional partners as patients can only access our service through referral. We provide them with a 24 /7 professional helpline to answer questions and offer consultation on complex patient issues. Whilst patients remain in the care of their respective GP at all times, we work with the GP and district nurses so they can provide care directly. When this becomes difficult and beyond their scope we send our experts out to meet with the patient in the community; there are as many as 850 patients in our community programme each month. Alternatively, we can bring patients into one of our clinics or in-patient units for more intensive support. We also provide support for patients in any of the three hospitals that serve east Kent and our consultants and nurses will attend ‘ward rounds’ in the hospitals to review and advise on the best evidence based practice. Where appropriate we will then take transfers from the hospital to our in-patient units.

We continue to provide extensive training for our NHS and nursing home colleagues; managing patients who are coming to the end of their life requires specialist knowledge and understanding. Our education and research activities ensure we are able to stay ahead of relevant developments in this area of care and keep us connected to broader centres of excellence such as Kent and Cambridge Universities. We participate in national studies and publish work regularly.

We would not be able to carry out our important work without the generosity of our supporters and we seek to maintain the highest standards in our fundraising activities. We are registered with the Fundraising Regulator and are bound by its code of fundraising practice. During the year under review, we reviewed our readiness for compliance with the General Data Protection Regulations (GDPR) in advance of them becoming law in May 2018. Our policies ensure that our fundraising activity respects the rights and privacy of our supporters and the general public. No complaints were received during the year under review in respect of the charity’s fundraising activities.

**Operations**

We have conducted a total review of all our physical facilities and undertaken extensive upgrades to meet all health and safety legislation.

We take part in PLACE (patient led assessment of the care environment) to benchmark our facilities and services against other hospices – this is an assessment where patients and carers join an internal team to assess our environment in terms of building appearance and maintenance, cleanliness, food, privacy dignity and well being, dementia and disability. Last year we scored better than the national hospice average in 4 of the 6 key areas.

**FINANCIAL RESULTS**

The Statement of Financial Activities for the year is set out on page 19 of the financial statements. A summary of the financial results and the work of the charity are set out below.

Notes 1 to 30, which support the Statement of Financial Activities on page 19, show how funds have been received and applied during the year.

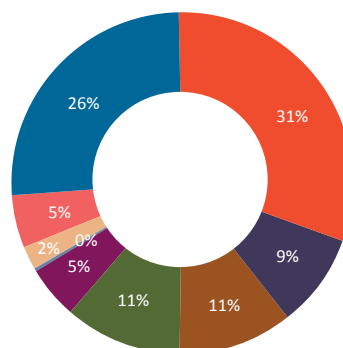
During the year under review, the net movement in funds was a surplus of £1,376,000 after investment gains of £250,000 compared to a surplus of £1,313,000 after investment gains of £1,153,000 in the previous year.

Our income generation activities had another excellent year with donations and legacies raising £4,914,000 (2017:£4,726,000) reflecting some generous legacies as the community continues to see the value and good work of the Hospice. Fundraising income remained relatively strong at £1,254,000 which included several successful flagship events such as the Cycle Challenge, raising £114,000 and Night to Shine, raising £80,000.

The retail operation continued to perform well, delivering a net profit of £1,238,000 on income of £3,243,000 compared to a net profit of £900,000 on income of £3,000,000 in the previous year. This represents an 8% increase in income and a reduction in repairs and maintenance costs contributed to the improvement in the net profit margin from 30% to 38%. A shop in Hythe was opened during the year which makes a consistently good contribution to the performance of the retail operation and gift aid income improved due to the introduction of improved processes in this area.

The lottery produced a net profit of £613,000, an improvement of £6,000 on the previous year with player numbers continuing to increase.

Set out alongside is a chart showing how diverse our sources of income are, but also demonstrating that in 2017/18 grants and legacy income comprised the largest percentage.



- Legacies
- Donations
- Fundraising
- Retail profit
- Lottery profit
- Trading profit
- Investment income
- Fees receivable
- Grants receivable (NHS income)

The grant from the local NHS Clinical Commissioning Groups (CCGs) for specialist palliative care and rapid response hospice at home services under a service funding agreement amounted to £2,780,000, approximately 21% of total running costs leaving 79% of revenue funding to be raised from voluntary sources. This grant has remained unchanged since 2011 and given the increasing costs of paying medical and clinical staff in line with NHS, represents a falling contribution to our costs.

Overall expenditure, excluding cost of raising funds, reduced from £10,270,000 to £9,947,000 as the charity continues to benefit from the efficiencies of finding new ways of working.

Investment gains during the year amounted to £250,000, lower than 2017 and a reflection of market conditions. £1,000,000 was transferred into the portfolio in the year to maximize the return on these funds until they are required to be drawn on to deliver patient care.

### Reserves Policy

Reserves are that part of the charity's unrestricted funds that are freely available to spend on any of the charity's purposes and excludes restricted income funds, endowment funds, assets held for the charity's use and amounts designated for essential future spending. The trustees review their policy each year and in conducting their review they take into consideration best practice and the guidance issued by the Charity Commissioners.

#### **In considering the reserves position, the trustees take into account:**

- that provision of this type of care involves ongoing running costs, currently in the region of £10,000,000 per year, just under three-quarters of which has to be derived from voluntary sources;
- that just under 90% of this amount is directly invested in providing these services;
- that 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 meet the ever more demanding needs of the community;
- that the income generation activity has an annual cost to the charity of approximately £3,400,000 and accordingly we need to generate over £13,000,000 per year.

#### **The charity has the following categories of reserves:**

##### 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 2018 stood at £13,916,000 (2017: £12,392,000) which include £7,295,000 (2017: £6,229,000) invested in quoted investments and £1,834,000 (2017: £1,695,000) in investment properties. 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 £6,000,000, sufficient to cover 6 months' operating expenditure, and consider this to be satisfactory. The trustees consider that as the charity's income is derived from many different sources, the current level of reserves, which are maintained to avoid the risk of having to reduce the services provided in any short term downturn and allow the trustees and executive team to plan for significant capital expenditure with regard to all three inpatient units and a major upgrade in the IT facilities for both patients and management purposes, is appropriate.

## PLANS FOR FUTURE PERIODS

This has been another very successful year and the result ensures that the charity can continue to provide the same levels of care through its three in-patient units for the foreseeable future.

However, we recognise that underlying costs continue to rise and because legacy receipts are less predictable and substantial investment gains are not always achievable, given the nature of the stock markets, we continue to be vigilant and control the cost of our activities.

As previously reported, the charity has been offered land in Thanington by the Tory Family Foundation and Pentland Homes on which property developers will build a new purpose built hospice for Canterbury. At the date of drafting this report, the matter is still subject to legal agreements being satisfactorily reached between all parties.

The trustees consider the very favourable outcome of the last two years has created an opportunity to develop their plans for improving the experience of our patients and families.

### **In particular, they are planning for:**

- a) a major refurbishment of the Thanet Hospice
- b) further upgrade of all buildings used by the charity
- c) an upgrade of the IT systems

Following a full clinical review, we have identified that patients are only being referred to us in the last 10 weeks of life. This means we have very little time to support them and prepare their families. Patients are often too frail to attend any of the activities we run in our therapy centres, therefore missing out on all the benefits they can bring. We believe we could do so much more if people were aware of their situation sooner. They would be able to think, discuss and make decisions about their own care preferences and take full advantage of all our therapy services have to offer. Our focus for the future therefore is to pursue earlier engagement by supporting health professionals to identify and refer patients earlier. We are also going to work to raise awareness reaching out into our community to empower and enable everyone so that this final phase of life is as positive and supported as possible.

## INVESTMENT POLICY AND PERFORMANCE

At the end of the year there was £2,732,000 (2017: £2,324,000) available in cash and a high level of debtors which are monitored; at current financial levels of expenditure the charity requires just over £1,100,000 per month to cover running costs, including fundraising costs. However, when the need arises, the charity is able to liquidate medium term investments very quickly. 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.



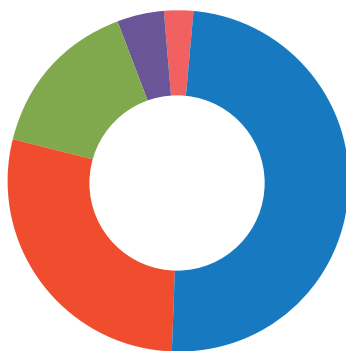
The investment properties comprise residential properties that the charity has inherited and which the trustees retain, having taken appropriate advice, as they provide potential for capital growth and income. The trustees are confident that, having taken advice, the carrying value of the properties at £1,834,000, a surplus of £627,000 over acquisition value, is an accurate reflection of their market value as at 31st March 2018.

The general investment policy for the investment portfolio, adopted by the trustees and managed by the investment advisers, Coutts & Co, is to grow the investments above inflation whilst receiving an income, in the context of achieving these objectives in a time horizon of 5 to 8 years and within a risk category of medium to medium high. The Coutts portfolio manager actively monitors portfolio volatility and discusses the risks with trustees at regular portfolio meetings.

Coutts report that in the 12 month period to 31 March 2018 the net return on the portfolio was 3% which contrasts strongly with the return in the 12 months to 31 March 2017 of 15.7%. The return compared favourably with the 2018 benchmark of 1.9%.

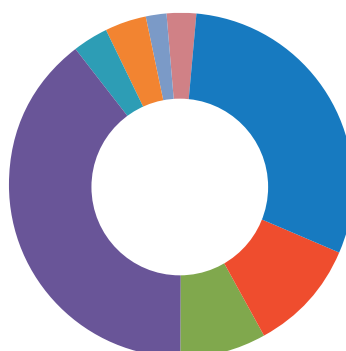
The asset distribution of the investment portfolio as at 31st March 2018 is set out below:

Asset class distribution



● Equities	49.4%	● Property	4.4%
● Bonds	28.2%	● Cash	2.6%
● Alternative Investments	15.4%		

Geographic distribution



● UK	30.2%	● Global Diversified	39.5%	● Pacific Basin	1.9%
● Europe	10.4%	● Global Emerging Markets	3.2%	● Other	2.6%
● North America	8.2%	● Japan	4%		



## STATEMENT OF DISCLOSURE TO THE AUDITORS

Each of the persons who are trustees (directors) of the charitable company at the date of approval of these financial statements as set out above, has confirmed that, insofar as the trustees are aware:

- a) there is no relevant audit information of which the charitable company’s auditors are unaware and
- b) the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is 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.

### Charity website

The trustees (directors) are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company’s website ([www.pilgrimshospices.org](http://www.pilgrimshospices.org)). 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 trustees, in their capacity as company directors, on 19 September 2018 and signed on behalf of the company by:

.....  
R J Davis, Chairman

## Independent Auditor's Report to the Members of Pilgrims Hospices in East Kent

### Opinion

We have audited the financial statements of Pilgrims Hospices in East Kent (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the group statement of financial activities, the group and parent charitable company balance sheets, the group statement of cash-flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2018, 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;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

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

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

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

.....  
Duncan Cochrane-Dyet BSc FCA

Senior Statutory Auditor  
For and on behalf of MHA MacIntyre Hudson Statutory Auditors  
71 New Dover Road  
Canterbury  
Kent, CT1 3DZ

Date:

Group statement of financial activities  
(incorporating an income and expenditure account)  
for the year ended 31 March 2018

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2018 £'000	Total 2017 £'000
<b>INCOME AND ENDOWMENTS FROM:</b>						
Donations and legacies	2	2,838	2,076	-	4,914	4,726
Investment income	3	232	-	-	232	261
<b>Charitable activities:</b>						
Grants receivable	4	2,453	600	-	3,053	2,875
Fees receivable	5	589	-	-	589	535
<b>Other trading activities:</b>						
Fundraising	6	1,254	-	-	1,254	1,386
Income from trading subsidiary	7	84	-	-	84	75
Income from retail and lottery	8	4,350	-	-	4,350	4,057
<b>TOTAL INCOMING RESOURCES</b>		<b>11,800</b>	<b>2,676</b>	<b>-</b>	<b>14,476</b>	<b>13,915</b>
<b>EXPENDITURE ON:</b>						
<b>Raising funds:</b>						
Trading subsidiary's costs	7	37	-	-	37	49
Trading activities' costs	8	2,499	-	-	2,499	2,550
Fundraising costs	9	837	-	-	837	852
Investment management fees		30	-	-	30	34
<b>Charitable activities:</b>						
In-patient	10	5,155	2,269	-	7,424	7,815
Community services	11	1,205	400	-	1,605	1,527
Counselling	12	400	-	-	400	375
Information and education	13	404	-	-	404	430
Governance costs	14	114	-	-	114	123
<b>TOTAL RESOURCES EXPENDED</b>		<b>10,681</b>	<b>2,669</b>	<b>-</b>	<b>13,350</b>	<b>13,755</b>
Net movement in funds in the year before investment gains		1,119	7	-	1,126	160
Net gains/(losses) on investments	21	250	-	-	250	1,153
Net movement in funds in the year		1,369	7	-	1,376	1,313
Total funds brought forward		21,981	111	13	22,105	20,792
<b>Total funds carried forward</b>		<b>23,350</b>	<b>118</b>	<b>13</b>	<b>23,481</b>	<b>22,105</b>

The statement of financial activities includes all gain and losses recognised during the year.

Group and Charity balance sheets  
as at 31 March 2018

	Notes	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
<b>Fixed assets</b>					
Tangible assets	20	9,434	9,713	9,434	9,713
Investments	21	9,129	7,924	9,129	7,924
		<b>18,563</b>	17,637	<b>18,563</b>	17,637
<b>Current assets</b>					
Stocks		11	9	-	-
Debtors	22	3,355	3,252	3,385	3,269
Cash at bank and in hand		2,732	2,324	2,696	2,311
		<b>6,098</b>	5,585	<b>6,081</b>	5,580
<b>Liabilities</b>					
Creditors: amounts falling due within one year	23	1,180	1,117	1,163	1,112
		<b>4,918</b>	4,468	<b>4,918</b>	4,468
<b>Net current assets</b>					
		<b>23,481</b>	22,105	<b>23,481</b>	22,105
<b>Total assets less current liabilities</b>					
		<b>23,481</b>	22,105	<b>23,481</b>	22,105
<b>Net assets</b>					
<b>Charity funds</b>					
Unrestricted funds	25	23,350	21,981	23,350	21,981
Restricted funds	25	118	111	118	111
Permanent endowment fund	25	13	13	13	13
		<b>23,481</b>	22,105	<b>23,481</b>	22,105
<b>Total charity funds</b>					

Approved and authorised by the Board of Trustees for issue on

Date: .....

.....

R J Davis  
Chairman of the Board of Trustees

The notes on pages 22 to 38 form part of these financial statements  
Company number 2000560

Group statement of cash flows  
for the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
<b>Net cash (outflow) from operating activities</b>	19	<b>1,258</b>	<b>(200)</b>
<b>Cash flow from investing activities</b>			
Interest received (including tax recovered)		127	139
Payments to acquire tangible fixed assets		(22)	(93)
Payments to acquire investments		(3,301)	(2,081)
Receipts from sale of investments		2,346	2,780
<b>Net cash inflow provided by investing activities</b>		<b>(850)</b>	<b>745</b>
<b>Net increase in cash and cash equivalents</b>		<b>408</b>	<b>545</b>
Cash and cash equivalents at 1 April 2017:			
Cash at bank and in hand		<b>2,324</b>	1,779
Cash and cash equivalents at 31 March 2018			
Cash at bank and in hand		<b>2,732</b>	2,324
Cash and cash equivalents consist of:			
Cash at bank and in hand		<b>2,732</b>	2,324

Notes forming part of the financial statements  
for the year ended 31 March 2018

## 1 Accounting policies

### a) General information and basis of preparation

Pilgrims Hospices in East Kent is a private company limited by guarantee in England with company registration number 2000560. The members of the company are the trustees named on page 5. 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. The address of the registered office is given in the charity information on page 5 of these financial statements. The nature of the charity's operations and the principal activities are that of a hospice and associated activities.

The charity constitutes a public benefit entity as defined by FRS102. The financial statements have been prepared in accordance with the Companies Act 2006 and with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 as updated through update Bulletin 1 published on 2 February 2016 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements have been prepared on a going concern basis under the historical cost convention with the exception of investments and investment properties, which are included at fair value. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest thousand.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

### b) Incoming resources

All incoming resources are included in the SOFA when the charity is legally entitled to the income and after any performance conditions have been met, and the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled. Lottery income is only deferred when the draw takes place in the next period.

Legacies are recognised when notification of the legacy is received, usually after grant of probate, where the trustees are satisfied that they are entitled to the money, it is probable they will receive it, and the amount can be measured reliably. Where at the year end a legacy is yet to be received, it is accounted for at the best estimate of the entitlement less an estimate of the costs and having made allowance for a variation between the probate value and final proceeds realised. Legacies in respect of the year ended 31 March 2018 were recognised where notified to the charity prior to 16 August 2018 (2017: 31 May 2017).

Gifts donated for resale are included as income when they are sold, as the trustees consider it is impractical to measure the fair value of goods donated for resale and also the costs of valuation would outweigh the benefit to the charity. Fixed asset gifts in kind are recognised when receivable and are included at fair value. They are not deferred over the life of the asset.



## Notes forming part of the financial statements for the year ended 31 March 2018

No amounts are included in the financial statements for services donated by volunteers, or the free use of facilities where the value of the gift cannot be measured reliably.

Grants are recognised in the period to which they relate at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

### **c) 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. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

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 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.

### **d) 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.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value 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	

Notes forming part of the financial statements  
for the year ended 31 March 2018

**e) Investments**

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on changes in fair value and disposals throughout the year. Investment properties are valued by directors based on advice received and are subject to a reduction of 25% to take into account any possible variations in the value and costs of disposal.

Investment properties are revalued to fair value annually by the trustees at each reporting date and the aggregate surplus or deficit recognised in net gains/(losses) on investments in the Statement of Financial Activities.

**f) 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. It is not considered practical or economic to attempt to place a value on the stock of donated goods and accordingly the charity recognises the value of donated goods when they are sold (also refer to policy on Incoming Resources b).

**g) Debtors and creditors receivable/payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

**h) Impairment**

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

**i) 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 review 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 as a liability.

Notes forming part of the financial statements  
for the year ended 31 March 2018

**j) Value Added Tax**

The charity is registered for VAT and is able to recover most of the VAT on its costs. VAT that cannot be recovered is charged to the Statement of Financial Activities.

**k) 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.

**l) 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. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors 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.

**m) Going concern**

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for the 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

**n) Judgements and key sources of estimation uncertainty**

No judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had any significant effect on amounts recognised in the financial statements, except for those detailed in the above accounting policies.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Notes forming part of the financial statements  
for the year ended 31 March 2018

<b>2 Donations and gifts</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Donations	1,077	1,301
Legacies	3,837	3,425
	<b>4,914</b>	<b>4,726</b>
Income attributable to restricted funds	2,076	2,923
Income attributable to unrestricted funds	2,838	1,803
	<b>4,914</b>	<b>4,726</b>
<b>3 Investment income</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Income from listed investments:		
Fixed interest	53	59
Unit trusts	1	1
Managed funds	71	75
Interest receivable on cash deposits	2	4
Net rents receivable	105	122
	<b>232</b>	<b>261</b>
Income attributable to restricted funds	-	-
Income attributable to unrestricted funds	232	261
	<b>232</b>	<b>261</b>
<b>4 Grants receivable</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Local Health Authority	3,034	2,875
Other	19	-
	<b>3,053</b>	<b>2,875</b>
Income attributable to restricted funds	600	487
Income attributable to unrestricted funds	2,453	2,388
	<b>3,053</b>	<b>2,875</b>
<b>5 Fees receivable</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Medical fees	406	423
Ministers' fees	3	1
Mesothelioma compensation	15	6
Course fees and hire of facilities	165	105
	<b>589</b>	<b>535</b>
Income attributable to restricted funds	-	-
Income attributable to unrestricted funds	589	535
	<b>589</b>	<b>535</b>

Notes forming part of the financial statements  
for the year ended 31 March 2018

<b>6 Fundraising income</b>	<b>2018</b>	2017
	<b>£'000</b>	£'000
General fundraising	<b>526</b>	537
Gross proceeds of events	<b>728</b>	849
	<b>1,254</b>	1,386
Income attributable to restricted funds	-	-
Income attributable to unrestricted funds	<b>1,254</b>	1,386
	<b>1,254</b>	1,386

**7 Income and expenditure of trading subsidiary**

The charity owns the whole of the issued ordinary share capital of Hospice Shops Ltd (1623758), Pilgrims Hospice Lottery Ltd (3130167) and Pilgrims Hospices Trading Ltd (07993259), all of which 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 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.

	<b>Pilgrims Hospices Trading Ltd.</b>	
	<b>Total</b>	Total
	<b>2018</b>	2017
	<b>£'000</b>	£'000
Turnover	<b>84</b>	75
Cost of sales	<b>30</b>	43
	<b>54</b>	32
Administration costs	<b>7</b>	6
Net profit	<b>47</b>	26
Amount Gift Aided to the Charity	<b>(47)</b>	(26)
Retained profit brought forward	-	-
Retained profit carried forward	-	-
	<b>2018</b>	2017
The aggregate of assets, liabilities and funds was:	<b>£'000</b>	£'000
Assets	<b>47</b>	24
Liabilities	<b>(47)</b>	(24)
Net assets	-	-
Represented by:		
Ordinary shares of £1 each	-	-
Profit and loss account	-	-
Total funds	-	-

All income and expenditure from trading activities are attributed to unrestricted funds.

Notes forming part of the financial statements  
for the year ended 31 March 2018

<b>8 Income from retail and lottery</b>	<b>2018</b>	2018	<b>2018</b>	2017
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
	<b>Shops</b>	Lottery	<b>Total</b>	Total
Turnover	<b>3,243</b>	1,107	<b>4,350</b>	4,008
Other income	-	-	-	49
	<b>3,243</b>	1,107	<b>4,350</b>	4,057
Costs of sales				
Prizes	-	212	<b>212</b>	212
Other	<b>33</b>	139	<b>172</b>	141
	<b>33</b>	351	<b>384</b>	353
Gross Profit	<b>3,210</b>	756	<b>3,966</b>	3,704
Administrative costs				
Wages and salaries	<b>840</b>	98	<b>938</b>	924
Rent and rates	<b>533</b>	-	<b>533</b>	495
Repairs and renewals	<b>110</b>	-	<b>110</b>	171
Depreciation	<b>38</b>	2	<b>40</b>	103
Administrative costs	<b>451</b>	43	<b>494</b>	504
	<b>1,972</b>	143	<b>2,115</b>	2,197
<b>Net profit</b>	<b>1,238</b>	613	<b>1,851</b>	1,507

All income and expenditure from trading activities are attributed to unrestricted funds.

<b>9 Costs of other income generation</b>	<b>2018</b>	2017
	<b>£'000</b>	£'000
Wages and salaries	<b>651</b>	603
Publicity	<b>41</b>	88
Event costs	<b>109</b>	130
Purchase of general fundraising support materials and travel	<b>36</b>	31
	<b>837</b>	852
Expenditure attributable to restricted funds	-	-
Expenditure attributable to unrestricted funds	<b>837</b>	852
	<b>837</b>	852

Notes forming part of the financial statements  
for the year ended 31 March 2018

<b>10 In-patient costs</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Doctors' salaries	712	843
Nurses' salaries	3,121	2,975
Chaplains' and therapists' salaries	580	626
Administrative support salaries	489	564
Catering, domestic and maintenance salaries	733	771
Food	84	112
Medical supplies	110	68
Laundry and cleaning	94	117
Heat, light and water	161	105
Repairs and maintenance	227	358
Depreciation	262	363
Postage	19	21
Recruitment advertising and fees	8	3
Telephone	20	10
Insurance	38	37
Travel and sundry	45	72
Support costs	721	770
	<b>7,424</b>	<b>7,815</b>
Expenditure attributable to restricted funds	<b>2,269</b>	2,999
Expenditure attributable to unrestricted funds	<b>5,155</b>	4,816
	<b>7,424</b>	<b>7,815</b>
<b>11 Community services costs</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	1,343	1,276
Travel and sundry	74	64
Telephone	32	38
Support costs	156	149
	<b>1,605</b>	<b>1,527</b>
Expenditure attributable to restricted funds	<b>400</b>	400
Expenditure attributable to unrestricted funds	<b>1,205</b>	1,127
	<b>1,605</b>	<b>1,527</b>
<b>12 Counselling</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	352	330
Travel and sundry	8	7
Support costs	40	38
	<b>400</b>	<b>375</b>
Expenditure attributable to restricted funds	-	-
Expenditure attributable to unrestricted funds	<b>400</b>	375
	<b>400</b>	<b>375</b>

Notes forming part of the financial statements  
for the year ended 31 March 2018

<b>13 Information and education</b>	<b>2018</b>	2017
	<b>£'000</b>	£'000
Wages and salaries	267	292
Course fees and expenses	65	65
Professional books and journals	6	4
Travel and sundry	3	4
Costs of education centre	23	22
Support costs	40	43
	<b>404</b>	430
Expenditure attributable to restricted funds	-	-
Expenditure attributable to unrestricted funds	404	430
	<b>404</b>	430

### 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 Services	Counselling	Information Education	Governance	2018	2017
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Wages and salaries	511	111	28	28	82	760	778
Occupational health	9	2	1	1	1	14	17
Life assurance	7	2	-	-	1	10	44
Printing and stationery	26	6	1	1	4	38	28
Telephone	1	-	-	-	-	1	1
Travel	9	2	1	1	1	14	8
Computer costs	78	17	4	4	13	116	144
Repairs and renewals	1	-	-	-	-	1	(5)
Bank charges	15	3	1	1	2	22	17
Auditors' remuneration	15	3	1	1	2	22	17
Professional fees	9	2	-	-	1	12	45
Consultancy fees	10	2	1	1	2	16	30
Partial exemption adjustment	15	3	1	1	2	22	(17)
Sundry	15	3	1	1	3	23	16
	<b>721</b>	<b>156</b>	<b>40</b>	<b>40</b>	<b>114</b>	<b>1,071</b>	1,123
Expenditure attributable to restricted funds						-	-
Expenditure attributable to unrestricted funds						1,071	1,123
						<b>1,071</b>	1,123

### 15 Net income for the year of the group

	<b>2018</b>	2017
	<b>£'000</b>	£'000
The net income is stated after charging:		
Depreciation	301	466
Lease rental of motor vehicles	68	68
Lease rental of land and buildings	434	434
(Profit) on fair value movement of investment properties	(139)	(353)
(Profit) on fair value movement of investments	(111)	(800)



Notes forming part of the financial statements  
for the year ended 31 March 2018

### 16 Trustees' and key management personnel remuneration and expenses

The trustees neither received nor waived any emoluments during the year (2017: £Nil). £632 out of pocket expenses were reimbursed to trustees (2017: £156). The trustees took out indemnity insurance at a cost of £2,894 (2017: £2,881) in the year under review. No trustees are accruing pension benefits (2017: none).

The total amount of employee benefits received by key management personnel is £564,730 (2017: £582,624). The Charity considers its key management personnel during the year to comprise:

C Russell	Chief Executive
H C Bennett	Director of HR and Workforce Development
W Hills	Director of Nursing and Care
J Rowland-Hill	Director of Finance and IT (from 1 July 2017)
S Sharp	Director of Income Generation
J Sillett	Head of Operations
P R F Simpson	Director of Finance and IT (to 30 June 2017)
Dr A Thorns	Director of Medicine

The reimbursement of trustees' expenses was as follows:

	2018 Number	2017 Number	2018 £'000	2017 £'000
Travel	2	2	-	-
Subsistence	-	-	-	-
Accommodation	-	-	-	-
Other	1	-	-	-
	<b>3</b>	<b>2</b>	<b>-</b>	<b>-</b>

### 17 Staff costs

	2018 £'000	2017 £'000
Wages and salaries	8,175	8,095
Social security costs	702	700
Pension costs	626	634
	<b>9,503</b>	<b>9,429</b>

The number of employees (including those contracted to the charity by third parties, undertaking work equivalent to that carried out by employees) whose emoluments, as defined for taxation purposes, amounted to over £60,000 in the year was as follows:

	Total 2018	Total 2017
£60,001 - £70,000	2	5
£70,001 - £80,000	2	1
£80,001 - £90,000	1	1
£90,001 - £100,000	0	2
£100,001 - £110,000	1	0
£110,001-£120,000	0	2
£120,001 - £130,000	1	0

7 employees (2017: 10) earning more than £60,000 participated in defined contribution pension schemes at a cost of £68,428 (2017: £84,380).

Notes forming part of the financial statements  
for the year ended 31 March 2018

### 17 Staff costs (continued)

The average monthly number of employees and full-time equivalent (FTE) analysed by function was:

	2018		2017	
	Number	FTE	Number	FTE
Fundraising	23	21	21	18
Trading	42	40	39	36
In-patient	230	145	207	156
Community services	43	41	40	35
Counselling	13	9	13	9
Information and education	10	7	8	6
Administration and support	22	21	23	22
	<b>383</b>	<b>284</b>	351	282

### 18 Auditor's remuneration

	2018	2017
	£'000	£'000
Fees payable to the charity's auditor for the audit of the charity's annual accounts	23	22
Audit of the charity's subsidiaries	3	2
Fees paid to the charity's auditor for other services	4	2
	<b>7</b>	<b>4</b>

### 19 Reconciliation of net incoming resources to net cash flow from operating activities

	2018	2017
	£'000	£'000
Net incoming resources	1,126	160
Depreciation on fixed assets	301	466
(Increase)/decrease in stocks on hand	(2)	(5)
(Increase)/decrease in debtors	(103)	(815)
Increase in creditors	63	133
Investment income (excluding rents receivable)	(127)	(139)
Net cash flow from operating activities	<b>1,258</b>	<b>(200)</b>

Notes forming part of the financial statements  
for the year ended 31 March 2018

## 20 Tangible fixed assets

a) The Charity	Freehold land and buildings	Long leasehold land & buildings	Furniture & furnishings	Equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 April 2017	10,786	2,604	287	680	74	14,431
Additions	-	14	-	-	8	22
Disposals	-	-	-	-	-	-
<b>At 31 March 2018</b>	<b>10,786</b>	<b>2,618</b>	<b>287</b>	<b>680</b>	<b>82</b>	<b>14,453</b>
<b>Depreciation</b>						
At 1 April 2017	2,774	1,086	269	522	67	4,718
Charge for year	168	65	18	46	4	301
On disposals	-	-	-	-	-	-
<b>At 31 March 2018</b>	<b>2,942</b>	<b>1,151</b>	<b>287</b>	<b>568</b>	<b>71</b>	<b>5,019</b>
<b>Net book value</b>						
<b>At 31 March 2018</b>	<b>7,844</b>	<b>1,467</b>	<b>-</b>	<b>112</b>	<b>11</b>	<b>9,434</b>
At 31 March 2017	8,012	1,518	18	158	7	9,713
<b>b) The group</b>						
	Freehold land and buildings	Long leasehold land & buildings	Furniture & furnishings	Equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 April 2017	10,786	2,604	287	680	74	14,431
Additions	-	14	-	-	8	22
Disposals	-	-	-	-	-	-
<b>At 31 March 2018</b>	<b>10,786</b>	<b>2,618</b>	<b>287</b>	<b>680</b>	<b>82</b>	<b>14,453</b>
<b>Depreciation</b>						
At 1 April 2017	2,774	1,086	269	522	67	4,718
Charge for year	168	65	18	46	4	301
On disposals	-	-	-	-	-	-
<b>At 31 March 2018</b>	<b>2,942</b>	<b>1,151</b>	<b>287</b>	<b>568</b>	<b>71</b>	<b>5,019</b>
<b>Net book value</b>						
<b>At 31 March 2018</b>	<b>7,844</b>	<b>1,467</b>	<b>-</b>	<b>112</b>	<b>11</b>	<b>9,434</b>
At 31 March 2017	8,012	1,518	18	158	7	9,713

Freehold land and buildings includes freehold land of £2.0 million that is not depreciated.

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

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Net book value	<b>4</b>	6
Depreciation	<b>2</b>	2

Notes forming part of the financial statements  
for the year ended 31 March 2018

## 21 Fixed asset investments

	Market value 2017 £'000	Additions £'000	Disposal proceeds £'000	Net gains £'000	Market value 2018 £'000	Historical cost 2018 £'000
<b>Charity and Group</b>						
Freehold properties	1,695	-	-	139	1,834	1,207
Quoted investments:						
Fixed interest	1,768	679	(383)	(5)	2,059	2,000
Managed funds (equity based)	3,434	2,382	(1,962)	65	3,919	3,598
Alternative investment funds	898	172	(1)	51	1,120	1,032
Cash at bank	129	68	-	-	197	197
<b>Total</b>	<b>7,924</b>	<b>3,301</b>	<b>(2,346)</b>	<b>250</b>	<b>9,129</b>	<b>8,034</b>

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

	Market value £'000	Historical cost £'000
Edgewood US Select Growth	-	160
M&G Investment Property	-	335
iShares FTSE 100 UCITS ETF (Dist)	371	376

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 and are incorporated in the United Kingdom (note 7).

### Investment properties

During the year ended 31 March 2018 informal valuations of the properties were undertaken by the trustees with the help of advisors. Based on these, the trustees' best estimate of their fair value at 31 March 2018 is £1,834k (2017: £1,695k), which compares favourably with the historical cost of £1,207k (2017: £1,207k).

## 22 Debtors

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Trade debtors	458	266	458	267
Other debtors	176	89	176	89
Amounts owed by group undertaking	-	-	30	16
Legacies	2,493	2,721	2,493	2,721
Prepayments and accrued income	228	174	228	174
Income Tax recoverable	-	2	-	2
	<b>3,355</b>	3,252	<b>3,385</b>	3,269

Notes forming part of the financial statements  
for the year ended 31 March 2018

**23 Creditors: amounts falling due within one year**

	<b>Group 2018</b>	Group 2017	<b>Charity 2018</b>	Charity 2017
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Trade creditors	<b>372</b>	473	<b>372</b>	468
Finance leases (secured against the assets to which they relate)	-	9	-	9
Taxation and social security costs	<b>208</b>	171	<b>208</b>	171
Accruals	<b>303</b>	317	<b>286</b>	317
Deferred income	<b>297</b>	147	<b>297</b>	147
	<b>1,180</b>	1,117	<b>1,163</b>	1,112

Deferred income is analysed as follows:

	<b>Under 1 year</b>	Over 1 year	<b>Total</b>
	<b>£'000</b>	£'000	<b>£'000</b>
At 1 April 2017	<b>147</b>	-	<b>147</b>
Additions during the year	<b>297</b>	-	<b>297</b>
Amounts released to income	<b>(147)</b>	-	<b>(147)</b>
At 31 March 2018	<b>297</b>	-	<b>297</b>

Deferred income consists of lottery subscriptions, course fees and fundraising activities taking place in the following financial year.

**24 Statement of funds**

	<b>2017</b>	<b>Incoming resources</b>	<b>Resources expended</b>	<b>Investment gains</b>	<b>Transfers</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Unrestricted funds:						
General funds	11,078	12,026	(10,907)	345	279	<b>12,567</b>
Revaluation reserve	1,190	-	-	(95)	-	<b>1,095</b>
Designated funds - fixed assets in use fund	9,713	-	-	-	(279)	<b>9,434</b>
	<b>21,981</b>	<b>12,026</b>	<b>(10,907)</b>	<b>250</b>	<b>-</b>	<b>23,350</b>
Restricted funds:						
Ashford Hospice - improvements	-	23	(12)	-	-	<b>11</b>
Ashford Hospice - running costs	-	791	(791)	-	-	-
Bedside fund	-	6	(2)	-	-	<b>4</b>
Ashford counselling services	1	-	(1)	-	-	-
Canterbury Hospice - improvements	9	16	(11)	-	-	<b>14</b>
Canterbury Hospice - running costs	-	822	(822)	-	-	-
Thanet Hospice - improvements	9	7	(3)	-	-	<b>13</b>
Thanet Hospice - running costs	-	386	(386)	-	-	-
Cuddle beds	-	11	(11)	-	-	-
Hospice at Home - running costs	-	402	(402)	-	-	-
Winter pressures costs	-	200	(200)	-	-	-
Patricia Morley Fund	85	-	(12)	-	-	<b>73</b>
Nursing salaries	-	5	(5)	-	-	-
Marketing	-	2	0	-	-	<b>2</b>
Sundry projects	7	5	(11)	-	-	<b>1</b>
Total restricted funds	<b>111</b>	<b>2,676</b>	<b>(2,669)</b>	<b>-</b>	<b>-</b>	<b>118</b>
Permanent endowment fund	<b>13</b>	-	-	-	-	<b>13</b>
<b>Total funds</b>	<b>22,105</b>	<b>14,702</b>	<b>(13,576)</b>	<b>250</b>	<b>-</b>	<b>23,481</b>

Notes forming part of the financial statements  
for the year ended 31 March 2018

## 24 Statement of funds (continued)

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.

## 25 Analysis of group net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2018 £'000	Total 2017 £'000
Fund balances at 31 March 2018 are represented by:					
General Funds					
Investments	9,116	-	13	9,129	7,924
Current assets	5,980	118	-	6,098	5,585
Current liabilities	(1,180)	-	-	(1,180)	(1,117)
	<b>13,916</b>	<b>118</b>	<b>13</b>	<b>14,047</b>	12,392
Designated Funds					
Tangible fixed assets	9,434	-	-	9,434	9,713
<b>Total net assets</b>	<b>23,350</b>	<b>118</b>	<b>13</b>	<b>23,481</b>	22,105

## 26 Taxation

The Charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

## 27 Financial commitments

At 31 March 2018 the group had total future minimum lease payments under non-cancellable leases as follows:

	2018		2017	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date:				
Within one year	367	-	375	-
Two to five years	940	2	1,149	4
More than five years	187	-	324	-
	<b>1,494</b>	<b>2</b>	<b>1,848</b>	<b>4</b>

Contracted commitments for the acquisition of tangible fixed assets contracted for but not provided for in the financial statements amounted to £nil (2017: £Nil).

## 28 Control relationships

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

Notes forming part of the financial statements  
for the year ended 31 March 2018

## 29 Related parties

---

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

Pilgrims Hospices Trading Limited contributed £3,852 (2017: £3,000) to the charity towards the rent of the premises occupied by the company and the cost of wages and salaries and £22,314 (2017: £21,372) for the cost of food provided. In addition the company paid £47,744 (2016: £23,332) to the charity by way of gift aid. At the balance sheet date the charity was owed by the company £31,851 (2017: £16,471). 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 (2017: £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 (2017: £2). This amount is unsecured, interest free and repayable within one year.

## 30 Pensions

---

### a) Defined contribution pension plan.

The charity operates a defined contribution pension plan for its employees. The amount recognised as an expense in the period was £626k (2017 £634k).

The charity also pays pension contributions to the multi-employer NHS pension scheme in respect of some employees. Under the definitions set out in FRS 102, the charity has accounted for its contributions as if it were a defined contribution scheme.

### b) Defined benefit pension plans.

The charity 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.

Notes forming part of the financial statements  
for the year ended 31 March 2018

### **30 Pensions (continued)**

---

The charity has been notified by the Baptist Pension Scheme of the estimated employer debt on withdrawal from the Plan based on the current financial position of the Plan. As of this date the estimated employer debt for the charity was £81,000. 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.