

Pilgrims Hospices in East Kent

(A company limited by guarantee)

Trustees' report and financial statements
for the year ended 31 March 2019

Charity number 293968
Company number 2000560

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2019

Trustees

R J Davis FCA TEP – Chairman and Treasurer
S Bates LLB. (Hons.)
Professor J Billings Msc BSc (Hons.) (resigned 7 November 2019)
P Bradshaw
G Connor
S Cuomo (appointed May 2019)
H Harrison
M Laing
Dr R N McWilliams (resigned 19 September 2018)
S Oriel MA (Cantab) (appointed May 2019)
S Perks
E Sharp MB BS, FRCS
T Smith (resigned 7 November 2019)
The Rt Rev Dr M Turnbull CBE (resigned 7 November 2019)
K Warden
P Williamson
Dr R Wilson

Company registered number 02000560

Charity registered number 293968

Registered office 56 London Road
Canterbury
Kent
CT2 8JA

Independent auditors MHA MacIntyre Hudson
Chartered Accountants
71 New Dover Road
Canterbury
Kent
CT13DZ

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2019

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 2019 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).

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. The charity was established to promote the relief of sickness and suffering for persons living or working in East Kent.

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 2019 there were fourteen trustees, following the resignation of Dr Nigel McWilliams in September 2018. 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. Policies and procedures are in place for trustee induction and development. 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.

In September 2019, Cate Russell, Chief Executive of Pilgrims Hospices, announced her intention to retire in February 2020. Pilgrims has begun the recruitment for her successor and for the recruitment to be concluded within a reasonable timescale.

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. These amendments to the Articles were implemented at an Annual General Meeting (AGM) held on 19 September 2018, where the terms of several of the Board of trustees were formalised. Initial appointments were confirmed for Philip Bradshaw, Grahame Connor, Margo Laing, Karen Warden, Paul Williamson and Dr Ruth Wilson, whose initial terms were confirmed to 2021. Stephanie Bates was re-appointed for a further three years until 2021. Richard Davis was re-appointed as Chair for a final term, to run until the AGM in 2020. The Nominations and Governance Committee would be taking forward the process to identify a new Chair for Pilgrims, to succeed Richard Davis when his term expired. Dr Nigel McWilliams tendered his resignation in 2018 and the Chair thanked him for the immense contribution he had made to Pilgrims over the ten years of his involvement with the charity.

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 has made good progress in developing its governance policies and practices in line with the principles set out in the Charity Governance Code for larger charities. The Nominations and Governance Committee will continue to review progress with the full implementation of the Code through an action plan developed from the diagnostic tool made available from the Charity Commission.

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. It reviews risk plans and corporate risks relating to finance, investment and audit. The Committee reviews the annual accounts and manages Pilgrims' relationship with the external auditors as well as monitoring their performance on an annual basis.

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 plans and retail strategies (for instance the opening of a new shop) before referring them to the Board for approval.

The Care Quality Committee provides the Board with assurance concerning all aspects of quality and safety relating to the provision of care and services in support of getting the best clinical outcomes and experience for patients, carers and their families. The Committee oversees the content and effectiveness of the structures, policies, systems and processes for quality assurance, clinical, information and quality governance. It assesses current and future risks to quality and safety which may be included but not limited to the clinical services risk registers. It advises the Board on any significant issues regarding quality, risk or compliance issues.

The Remuneration Committee meets annually to review the salary awards for the organisation and to set the overall remuneration policy. Pilgrims Hospices is committed to ensuring that the salary levels paid across the organisation remain competitive and that staff are rewarded fairly for the work they do. 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. Following the introduction of GDPR, the Nominations and Governance Committee is also responsible for overseeing matters relating to information governance.

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 a 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 charity and the group and of the incoming resources and application of resources, including the net income or expenditure of the group for the year. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities Statement of Recommended Practice
- 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 charity and the group and which enable them to ensure that the financial statements comply with the Companies Act 2006.

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 the ongoing BREXIT situation, and any other factors as well as uncertainty in the future funding of 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 complement of clinical and support staff. We

do however continue to face challenges in recruiting consultant grade doctors and registered nurses– 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 and the scarcity of qualified nurses.

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.

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 below in 'Objects and Activities' and the trustees ensure that this purpose is carried out for the public benefit.

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".

East Kent has a population of 750,000 and each year approximately 7,500 adults will die. This can be due to a sudden incident, such as a heart attack or an accident, or it can be the outcome of a long term illness. Pilgrims Hospices is a charity that offers specialist support for people living with a terminal diagnosis or a life limiting condition. The support we offer is very varied as it is tailored to meet the needs of families who face challenges at the end of life that cannot be met by other local agencies. We have over 37 years of expertise, research and insight to offer; our aim is that people who are dying can live well for as long as is possible and experience a good death.

The majority of our care is delivered in the community, either in the patient's own home or the residence in which they live, such as a nursing home or residential care facility. If it is not possible to care for the family in their own environment we offer full inpatient support in one of our three facilities. Pilgrims is the only adult Hospice in the UK that has three separate inpatient units working together as one organisation. Our patient facilities are based in Ashford, Canterbury and Thanet and we have outreach clinics in Deal, Dover, Faversham, Folkestone and Whitstable.

Mission:

- Our 'Mission' is to make a difference in the lives of individuals in East Kent who are facing the last year of life.
- We will provide open, compassionate care and expertise for you and your family; both in the community and in our in-patient units. We will continue this support for your family through their bereavement.
- We will inform, educate and enable you and your family so you can make informed choices and participate in planning your own care.
- We form strategic partnerships throughout our community; sharing our research, knowledge and expertise to enable others to play their part in supporting families where and when they need it.

Values

We will live our values through the application of our C.O.D.E in all we do:

C – Compassionate

O – Open

D – Dynamic

E – Empowering

We will be **compassionate** but **open** in all of our interactions so people feel supported and well informed.

We will strive to be **dynamic** – looking for innovative ways to resolve problems and respond to need in a timely and efficient way.

We will seek to **empower** people through education and insight and support their choices.

Background:

In 2015 we set a Five Year Strategic Plan around five key pillars and we are on course to achieve our aims.

- **Individual Experience:** We put the people needing our support at the centre of all we do so they are supported and empowered to live well in mind and body until the very last moment of their life.
- **People Development:** We are recognised as a preferred employer within east Kent; attracting, developing and retaining talent across our organisation. Our volunteer service model is recognised as best practice within the hospice universe.
- **Stakeholders:** We are seen as leaders in the sector – driving integrated 'End of Life Care' across east Kent. We are enabling and empowering our community to support families facing the challenges of terminal illness throughout our community networks.
- **Finance:** We have robust systems to manage all financial activity and achieve our agreed budgets.
- **Operations:** We have a legally compliant, cost and resource efficient operation that provides the optimum environment for achieving our vision.

On average we have 2,500 referrals a year and 65% of these referrals come from the Oncology teams based in our local hospitals. This gives us a bias for patients who have cancer as their primary diagnosis. A particular challenge that we are seeking to address in the future is that the majority of our patients are referred to us when they are in the last ten to twelve weeks of life. This is just too short a time to afford the family the full benefit of our services so we are working to change this profile.

To ensure access to our services is equitable, we go out into the local healthcare environment every day. Our clinical and medical teams attend ward rounds every week in each of the east Kent hospitals – William Harvey Ashford, the Kent & Canterbury and the QEQM in Thanet. They consult across all hospital specialities and if it is felt a patient may benefit from extra input and support we will either transfer the patient to our facilities or have input into their care plans. We are seen as valued colleagues by GPs and we are regularly invited to attend their patient evaluation sessions. We offer advanced training programs for all healthcare professionals who manage patients coming to the end of their life; as well as participating in clinical research on a local and national level.

On a monthly basis we can have up to 142 patients use our inpatient facilities. Around 42% of these patients just need a specific intervention such as symptom management. Once their issues are resolved they return home. Others come to spend their last days in an environment that best suits their needs and supports their family. We operate very differently to an acute hospital and by aiming for a bed occupancy of 75%, we have more chance of a bed being available for our patients in the community in case their plans to die at home suddenly change.

Out in the community at any one time we can have up to 850 people needing various levels of support. The entire operation is very fluid as we adapt plans on a daily basis depending on the needs of families who have been referred to us.

The charity is completely independent and the majority of our funding (74%) comes directly from the pockets of local people. We have service funding agreements with the NHS CCG's covering eastern and coastal Kent which contribute approximately 20% towards our running costs across the three sites.

ACHIEVEMENTS AND PERFORMANCE

Individual experience

In the last year we have cared for 2,527 patients. The majority of this care is given in their own homes with an emphasis on living well. Our team of professionals includes physiotherapists, nurses, occupational therapists, doctors, social workers, counsellors and spiritual leads who all work together with our volunteers to alleviate symptoms and to help patients keep as much independence as possible, together with offering practical support for both the patient and their family.

Our Wellbeing and Social Therapy centres provide a range of programmes covering common problems and concerns our patients and their families face. The earlier involvement patients and their families have with our

services the longer and greater their benefit. It is a shame that many people are still nervous about engaging with Pilgrims services. We are working closely with professionals and our communities to change this perception.

The three in patient units provide care for those whose needs cannot be met at home. The average stay of patients in our in-patient unit is around 9 days.

Whilst our total number of referrals has remained steady with on average, around a 5% increase or decrease year on year we anticipate that the demand for our services will increase. This is due to a number of factors including the increasingly ageing population. With the changing pattern of illness our services will need to adjust but the key step is involving Pilgrims as soon as possible in the patient's care plan.

As the patient's condition and needs change so does our input. For some this may only be access to our 24 hour telephone line which is available for patients, families or professionals. For others it may be a more intensive input involving regular contact with the whole team or even admission.

The feedback so far from patients and families that have attended has been excellent; our service has had an average overall approval rating of 96% so we are confident that it meets the needs of our patients.

Working in partnership: 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 put forward by the NHS for rearranging the delivery of healthcare.

Working closely with our NHS professional colleagues is key to good patient care. We look to our colleagues to identify a patient in need early on and refer to us as required. We work alongside the patient's primary healthcare provider but all patients remain in the care of their respective GP at all times. We provide them with a 24/7 professional helpline to offer advice and guidance. We undertake home visits or outpatient consultations and arrange admission to the inpatient unit if needed.

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. We have worked with the Universities of Kent and Cambridge Universities, University College London and Hull and York Medical School. We participate in national studies and publish work regularly.

Following the successful roll out of the compassion project across East Kent Hospitals Trust, a need for bereavement support for families whose loved one had died in hospital was identified. In line with our Clinical Strategy we have commenced the Stepping Stones project. The aim of phase one in this project is to provide an equitable bereavement support service for all family and friends of those who have died, while receiving end of life care from East Kent Hospitals Trust. Currently there are a variety of services in place within the Trust delivered by the relatives support office, the chaplaincy team, some components of cancer care or renal specialists and the clinical teams within the wards and departments to offer support to bereaved relatives. Discussions with bereavement support charity South Kent Cruse suggest up to a third of their referrals are likely to be relatives or friends of people who have either died in the Trust or shortly after leaving hospital. The service will consist of a support group to enable people to come to terms with their grief, encourage resilience and coping skills and meet others in a similar situation. Information and signposting for further support if required will be available. This service will be delivered by Pilgrims and Cruse trained volunteers. Phase two of this project is to widen its reach to any bereaved person in east Kent.

We have provided three Best Practice Forums per site over the past year. These sessions were open to all external Health Care Professionals across East Kent and were held in the Pilgrims Therapy Centres with the aim to increase knowledge and skills in End of Life Care. In all, 317 Health and Social care Professionals attended these sessions (70% of the places available). Members from all of Pilgrims staff groups have presented at these events. At these sessions 71% of attendees completed evaluation forms reporting the following:

- 60% excellent
- 39% good
- 1% fair

Comments were very positive, reporting the events to be very informative, interesting and well presented. We are reviewing all of the evaluations and preparing the next round of events.

People Development

Pilgrims aims to be recognised as a preferred employer within east Kent – attracting, developing and retaining talent across our organisation and for our volunteer services to be recognised as best practice within the hospice universe.

There are 392 employees in the organisation covering 283 posts – this is to allow people to job share and fit work around their preferred work life balance. Staffing numbers have remained constant throughout 2018/19. 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 over 80% 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.

A cornerstone of our people development programme is our Personal Best Development Programme that over 80 of our staff have completed since 2017. The aim of the programme is 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. During 2019 we will be implementing our Personal Development Leadership Programme for our leaders and senior managers to ensure our organisation is well led and continues to deliver high quality care.

Our National Hospice UK Staff and Volunteer Survey Results 2018 showed that levels of positivity across the organisation continue to improve year-on-year. We were delighted to note increased levels of confidence in both the Senior Management Team and the Board of Trustees. In addition to this, both staff and volunteers continue to believe in the excellent care that is provided by the organisation. They understand the aim of the organisation, their part in it, and feel proud to be part of the delivery of our services. They hugely enjoy the work they do and the people they do it with.

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 in our shops and at our fundraising events; baking, crafting, marshalling, lifting and carrying, organising, and generally making the events 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.

During July 2018 we were awarded the REVAMP Award for Recognition of Excellent Volunteer and Management Practices by the stronger Kent Communities body.

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.

The charity is fully compliant with the GDPR regulations that came into effect during May 2018, and our privacy policy is available on our website for review. In addition to this, we have revised our governance structure to ensure that information governance management is overseen on a quarterly basis by the Nominations and Governance Committee.

We can only provide the highest quality healthcare to patients and their families if we recruit and retain the best possible staff and if all these staff are treated with respect and feel valued. Pilgrims has developed our CODE (Compassionate, Open, Dynamic, Empowered) which is a shared set of values and behaviours which characterise all our dealings with each other our patients and families. 2019 saw our first ever CODE staff and volunteer recognition awards.

We have policies and procedures supporting equality and diversity that help us to ensure rights and responsibilities are applied equitably and we have processes that allow us to examine problems fairly and sensitively when they arise. All our data is collected in line with Data Protection Regulations and our Board of Trustees is provided with an annual update in relation to the diversity of our workforce.

Our gender pay data is published in line with the Equality Act 2010, and can be viewed on our website at www.pilgrimshospices.org/about-us/work-with-us.

Operations

We continue to review of all our physical facilities on a regular basis to ensure that they remain well maintained and meet all health and safety legislation.

We are regulated by the Care Quality Commission and report to them appropriately. We have quarterly quality performance meetings with the Clinical Commissioning Groups where we report on the following Key Performance Indicators (KPIs):

- Hand hygiene
- Sharps management
- Commode cleaning
- Mattress audit
- Infection control
- Friends and Family Test
- Staff appraisals
- Clinical Mandatory Training

We are fully compliant in all of the above with the exception of Clinical Mandatory Training. A new E-learning solution is now in place alongside a full review of safeguarding training to ensure that we are compliant in the next financial year.

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.

We continue to strive for ways to reduce operational costs and improve efficiency. As an example, in the last year we have worked with local supermarket chains across East Kent to donate any excess food to us. In the last year this has equated to donated food in excess of £35,000 that our hospice kitchens have used to offer a wide range of meals to our patients, visitors, staff and volunteers and support the catering of our numerous fundraising events.

We have continued in the last year to develop our environmental approaches. This will be even more crucial going forward, as we look to mitigate additional energy costs by reducing consumption.

Below are some of the highlights of progress across our hospice sites:

- The waste oil from our kitchens is collected for free and then turned into bio diesel
- We no longer use plastic straws, the straws we use are biodegradable
- We have installed motion sensor lights in the appropriate areas to reduce electricity usage
- We have introduced more recycling bins (cardboard only bin) and reduced general waste
- Toner and ink cartridges are sent off to be recycled

PLANS FOR FUTURE PERIODS

What next – Our future clinical strategy:

We constantly strive to ensure our services meet the needs of the local adult population facing the challenges of a life limiting illness. We are on track with our five year plan and in December 2017 we ran workshops and attended meetings with our external NHS partners. At the same time we reviewed feedback and listened to families who have used our services to determine our future direction. We feel further integration out into the community is the right way forward, enabling others so they can help play their part in what should be seen as a natural life experience. We believe the wider community has so much to offer people approaching the end of their lives so we are investing and developing our volunteering roles.

Our ideal is that of a compassionate community ready to engage, where death is not a taboo but something we can discuss and plan for. Following these workshops and reflections we considered what changes and developments we would need to make so we can achieve this ideal.

We can define a good death as one where an individual feels safe and in control of what is happening so they are comfortable and at peace with the process. To achieve this they will have participated in making plans for themselves and their families so they can enjoy the time they have left knowing they have made their wishes known.

This understanding has prompted us to develop more of a public health approach to preparing people for their final phase of life. We have crafted workshops designed to signpost people to resources and support that is available to them in our community. We are calling this new approach our THINK 2 Be program. It aims to get people talking about what is important to them if their health is failing and there is a risk they could die in the near future. This will allow them to make informed choices and personal plans whilst they are well enough to participate.

We also recognised that people need to be referred to us at a much earlier stage than they are at the moment. We have identified a software program that is evidenced based and helps GP's recognise when people are beginning to need support and may benefit from our expertise. We have accessed the software and signed up four GP practices that will help us pilot the concept.

We have developed the content for the community based workshops and this is in testing with relevant focus groups and we have started to train the facilitators who will run the workshops.

To be sure we have the capacity and capability to work more closely with GP's, sharing the care of patients in a more integrated way, we commissioned a new patient management system. This was procured in November 2018, for a 'go live' later in 2019. We believe this will make it much easier for all the healthcare professionals to record and share relevant information. This will save time and effort for our professionals so they have more time to be with families. It will also help us allocate our resources more efficiently which will allow us to expand our reach.

This is just the start of what we believe will be a step change in how our local community views death and how we can support people to make their wishes known. We want the knowledge and expertise we have established over the last 37 years to benefit as many people in east Kent as possible. Whether they are a patient that needs our full service support or simply a family who, because of our THINK 2 Be program, were able to come to terms with their situation and have comfort in knowing they have done all they can and are therefore at peace with what is an inevitable life experience.

Thanet Hospice Refurbishment

We are planning a refurbishment of our hospice in Thanet. It is 26 years old and has the layout and features of a typical NHS facility. Since its opening, we have cared for thousands of patients and families who have had to face the challenges of a life limiting illness. The demand for our services is continuing to grow and the type of care we need to provide is changing. There was a time when hospice care was something that came at the very end of life, 'a safe place for the last days'. We now have families who come to us in the last year of life and we work with them to ensure they are empowered to live life as fully as possible, make many memories and have some control over how their last days will be. To do this effectively, we need a facility that helps and supports what we are aiming to achieve. We want to create a space that is homely, with lots of natural light to make it feel welcoming and comfortable. The design and décor will be harmonious and improve the flow through the building; minimising stress to families who we welcome into our care. We need to create flexible space so that it can be used on a

day to day basis for many different activities, for instance, we could be accommodating small groups such as six to ten people plus therapy staff in a session on relaxation, or, hosting a large social session such as lunch for 30 people. Overall, we are aiming to create a fabulous space for patients and their families, that will ensure that the building is fit for purpose to support the future needs of the community and deliver a great experience to meet those needs.

We are developing our plans and ideas, but the full scope of the refurbishment will depend on our ability to raise funds. As always, we will need the local community to support us in delivering this exciting and important project, and we will shortly be launching a campaign that will raise awareness of what we are trying to achieve.

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 signing 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 three years has created an opportunity to develop their plans for improving the experience of our patients and families.

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 is set out below. Notes 24 to 25, 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 deficit of £240,000 after investment gains of £169,000 compared to a surplus of £1,376,000 after investment gains of £250,000 in the previous year.

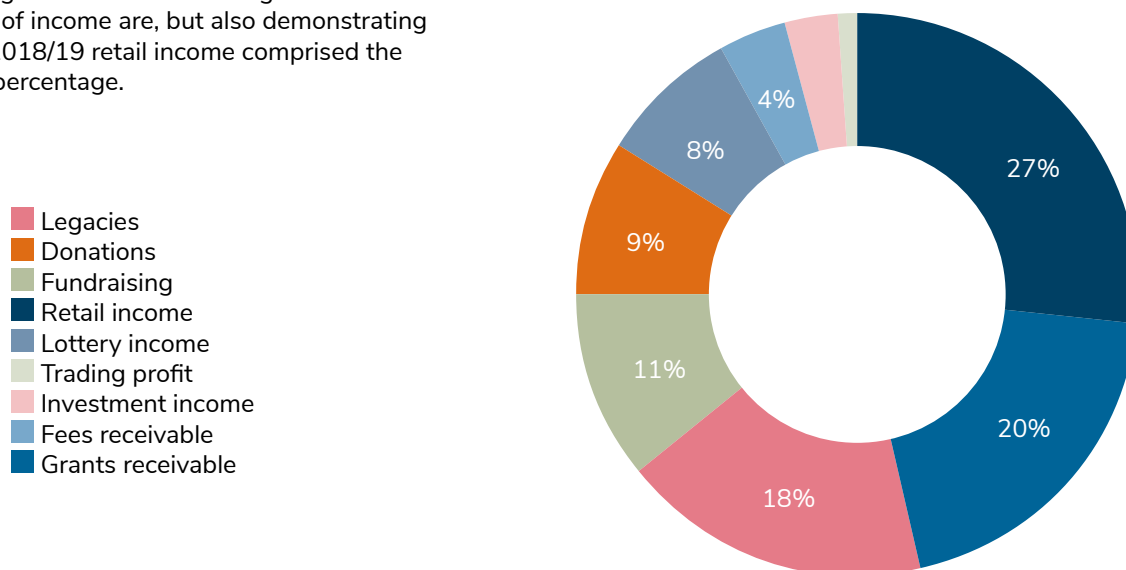
Our income generation activities from donations and legacies had a successful year raising £3,862,000 (2018: £4,914,000) representing a decrease of £1,052,000 compared to 2017/18. However, in that year Pilgrims received a single, high value legacy of £1 million, which was exceptional. Notwithstanding this, legacy income remained very strong in 2018/19, with legacy income at £2,575,000, reflecting some generous legacies as the community continues to see the value and good work of the Hospice. Fundraising income remained strong at £1,474,000, 18% (£220,000) ahead of income raised in the previous year. This included several successful flagship events, in particular Snow Dogs which took place in Ashford and raised £183,000. Other key event included the Cycle Challenge, raising £104,000 and A Night to Shine, raising £62,000. We also introduced a new challenge event to the events portfolio, The Pilgrims Way Challenge, a 55 kilometre walk from Wye to Dover, along the Pilgrims Way. We were delighted that 400 walkers took up the challenge and together they raised £63,000.

The retail operation continued to perform well, delivering a net profit of £1,498,000 on income of £3,727,000 compared to a net profit of £1,238,000 on income of £3,243,000 in the previous year. This represents a 21% increase in profit which contributed to the improvement in the net profit margin from 38% to 40%. There was a major refresh of the electronic point of sale (EPOS) system operated across the retail estate, which shop staff and volunteers have found to be simpler to operate and more robust system than the one it replaced.

The lottery remains strong with a turnover in excess of £1.1 million and produced a net profit of £646,000, an improvement of £33,000 on the previous year with player numbers continuing to increase, with 21,163 active members. Taken together, the performance in the year indicates that underlying income generation remains robust, despite the uncertain economic climate.

The grant from the local NHS Clinical Commissioning Groups (CCGs) under a service funding agreement amounted to £2,783,000, approximately 20% of total running costs leaving 80% 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 remuneration levels, represents a falling contribution to our costs.

Set alongside is a chart showing how diverse our sources of income are, but also demonstrating that in 2018/19 retail income comprised the largest percentage.



Overall expenditure, excluding cost of raising funds, increased by 5% from £9,994,700 to £10,455,000. Most of this increase was in inpatient costs, which rose by £564,000 (7.5%) in the year. Inpatient referrals remained constant between the two years, at around 2,530, with the increased cost demonstrating the pressures that the sector is under in maintaining high standards of care.

Investment gains during the year amounted to £165,000, 34% lower than 2018 and a reflection of the volatile market conditions affecting Pilgrims' investment portfolio that arose towards the end of 2018.

Reserves Policy

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

In considering the reserves position, the trustees review:

- that provision of this type of care involves ongoing running costs, currently in the region of £10,400,000 per year, just under three-quarters of which has to be derived from voluntary sources;
- over 80% of this amount is directly invested in providing these services;
- there is a requirement to provide assurance to those who give so generously that the trustees will be able to continue to provide patient care to meet the ever more demanding needs of the community;
- the income generation activity has an annual cost to the charity of approximately £3,300,000 and accordingly we need to generate approximately £13,700,000 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 2019 stood at £13,773,000 (2018:

£13,916,000) which include £7,368,000 (2018: £7,295,000) invested in quoted investments and £1,892,000 (2018: £1,834,000) 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 around 6 months operating expenditure, and the trustees 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 is appropriate and should 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.

INVESTMENT POLICY AND PERFORMANCE

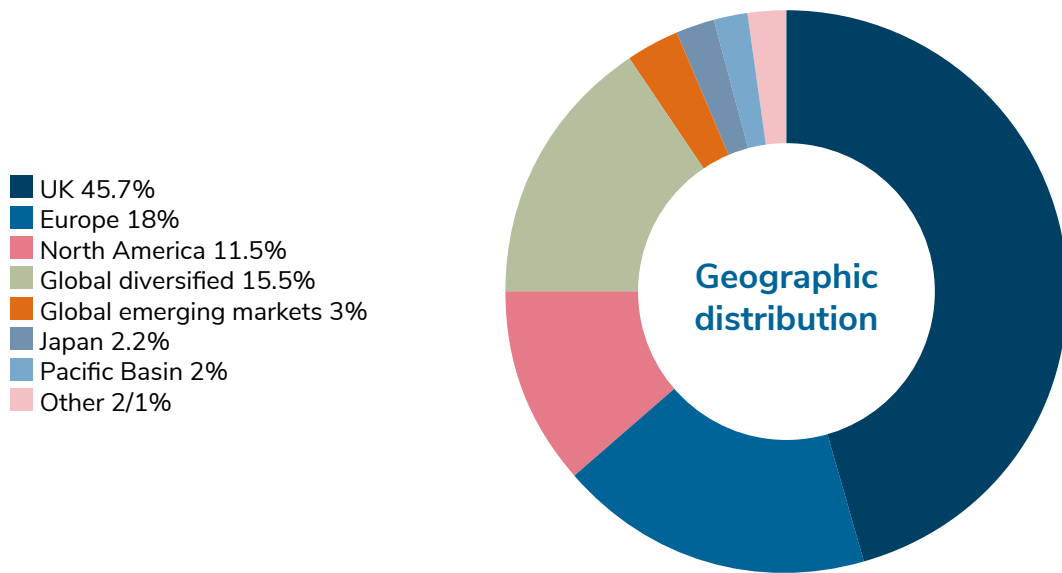
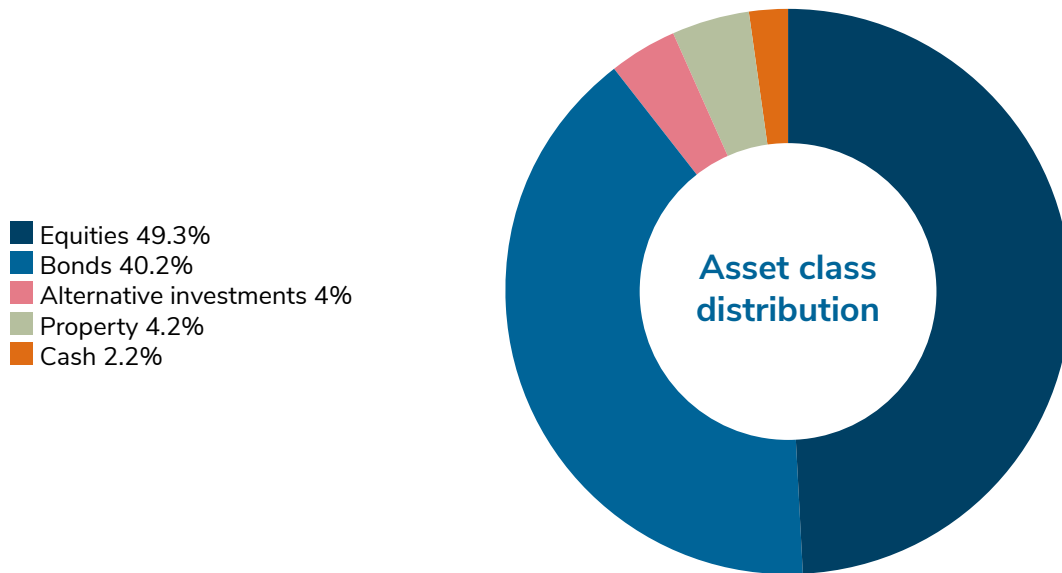
At the end of the year there was £3,360,000 (2018: £2,732,000) available in cash and a high level of debtors which are monitored; at current financial levels of expenditure the charity requires just under £1,200,000 per month to cover running costs, including fundraising costs. However, when the need 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 or acquired 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 £1,892,000, a surplus of £685,000 over acquisition value, is an accurate reflection of their market value as at 31st March 2019.

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 2019 the net return on the portfolio was 3%, which was the same as the return in the 12 months to 31 March 2018. This return, however, was lower than the 2019 benchmark of 6%.

The asset distribution of the investment portfolio as at 31st March 2019 is set out below:



STATEMENT OF DISCLOSURE TO THE AUDITORS

Each of the persons who are trustees at the time when this Trustees' Report is approved has confirmed that:

- So far as that trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- That Trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the Charitable Company's auditors are aware of that information.

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). Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

This report, including the Strategic Report, was approved by the trustees, in their capacity as company directors on 7 November 2019 and signed on behalf of the company by:

.....

Richard J Davis FCA TEP, Chairman

INDEPENDENT AUDITORS' 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 2019 set out on pages 20 to 52. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 March 2019 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 the 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 Annual Report, other than the financial statements and our Auditors' 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.

OPINION 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 including the Group Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Group Strategic 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 parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Group Strategic 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:

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the Charity 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 the 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.

AUDITORS' 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 Auditors' 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. This description forms part of our Auditors' Report.

USE OF OUR REPORT

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

.....
Alyson Howard FCCA DChA CF (Senior Statutory Auditor)
for and on behalf of
MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors
71 New Dover Road
Canterbury
Kent
CT1 3DZ

Date:

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2019

	Note	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Endowment funds 2019 £'000	Total funds 2019 £'000	Total funds 2018 £'000
INCOME FROM:						
Donations and legacies	2	2,638	1,224	–	3,862	4,914
Charitable activities	3	2,933	400	–	3,333	3,642
Other trading activities:						
Fundraising income	5	6,363	–	–	6,363	5,604
Income from trading subsidiary	6	60	–	–	60	84
Investments	7	328	–	–	328	281
TOTAL INCOME		12,322	1,624	–	13,946	14,525
EXPENDITURE ON:						
Raising funds:						
Fundraising costs	8	3,746	–	–	3,746	3,336
Trading subsidiary's costs	6	22	–	–	22	37
Investment management	9	128	–	–	128	79
Charitable activities	10	8,887	1,568	–	10,455	9,947
TOTAL EXPENDITURE		12,783	1,568	–	14,351	13,399
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS						
		(461)	56	–	(405)	1,126
Net gains on investments	19, 20	165	–	–	165	250
NET INCOME/(EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(296)	56	–	(240)	1,376
NET MOVEMENT IN FUNDS						
		(296)	56	–	(240)	1,376
RECONCILIATION OF FUNDS:						
Total funds brought forward		23,350	118	13	23,481	22,105
TOTAL FUNDS CARRIED FORWARD		23,054	174	13	23,241	23,481

The notes on pages 23 to 46 form part of these financial statements.

All income and expenditure derive from continuing activities.

The Consolidated Statement of Financial Activities includes all gains and losses recognised during the year.

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2019

	Note	£'000	2019 £'000	£'000	2018 £'000
FIXED ASSETS					
Tangible assets	18	9,289		9,434	
Investment property	19	1,892		1,834	
Total tangible assets			11,181		11,268
Investments	20		7,368		7,295
			18,549		18,563
CURRENT ASSETS					
Stocks	21	26		11	
Debtors	22	2,905		3,355	
Cash at bank and in hand		3,360		2,732	
		6,291		6,098	
CREDITORS:					
amounts falling due within one year	23	(1,599)		(1,180)	
NET CURRENT ASSETS			4,692		4,918
NET ASSETS			23,241		23,481
CHARITY FUNDS					
Endowment funds			13		13
Restricted funds			174		118
Unrestricted funds			23,054		23,350
TOTAL FUNDS			23,241		23,481

The financial statements were approved and authorised for issue by the Trustees on 7 November 2019 and signed on their behalf, by:

.....
Richard J Davis FCA TEP, Chairman

The notes on pages 23 to 46 form part of these financial statements.

CHARITY BALANCE SHEET AS AT 31 MARCH 2019

	Note	£'000	2019 £'000	£'000	2018 £'000
FIXED ASSETS					
Tangible assets	18	9,289		9,434	
Investment property	19	1,892		1,834	
Total tangible assets			11,181		11,268
Investments	20		7,368		7,295
			18,549		18,563
CURRENT ASSETS					
Stocks	21	6		-	
Debtors	22	3,029		3,385	
Cash at bank and in hand		3,284		2,696	
		6,319		6,081	
CREDITORS:					
amounts falling due within one year	23	(1,572)		(1,163)	
NET CURRENT ASSETS			4,747		4,918
NET ASSETS			23,296		23,481
CHARITY FUNDS					
Endowment funds			13		13
Restricted funds			174		118
Unrestricted funds			23,109		23,350
TOTAL FUNDS			23,296		23,481

The financial statements were approved and authorised for issue by the Trustees on 7 November 2019 and signed on their behalf, by:

.....
Richard J Davis FCA TEP, Chairman

The notes on pages 23 to 46 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £'000	2018 £'000
Cash flows from operating activities			
Net cash provided by operating activities	26	<u>409</u>	1,104
Cash flows from investing activities:			
Dividends, interest and rents from investments		328	281
Purchase of tangible fixed assets		(143)	(22)
Proceeds from sale of investments		3,695	2,346
Purchase of investments		(3,661)	(3,301)
Net cash provided by/(used in) investing activities		<u>219</u>	(696)
Change in cash and cash equivalents in the year			
Cash and cash equivalents brought forward		2,732	2,324
Cash and cash equivalents carried forward	27	<u>3,360</u>	2,732

The notes on pages 23 to 46 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES

1.1 General information

Pilgrims Hospices in East Kent is a charitable company limited by guarantee and is registered with the Charity Commission (Charity Registered Number: 293268) and Registrar of Companies (Company Registered Number: 2000560) in England and Wales.

The address of the registered office is given in the Charity information page of these financial statements. The nature of the Charity's operations and the principal activities are that of a hospice and associated activities.

The Members of the company are the Trustees named on page 1. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

1.2 Basis of preparation of financial statements

The financial statements have been prepared in accordance 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) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Pilgrims Hospices in East Kent meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

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.

1.3 Basis of consolidation

The financial statements consolidate the accounts of Pilgrims Hospices in East Kent and all of its subsidiary undertakings ('subsidiaries') on a line by line basis.

The Charity has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income and Expenditure Account.

The income and expenditure account for the year dealt with in the financial statements of the Charity was deficit £240k (2018 – surplus £1,376k).

1.4 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.

1.5 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, gains and losses are allocated to the appropriate fund.

1.6 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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 reviewed on a case-by-case basis. Where possible, legacies are credited to the accounts in the year of death where the Trustees are satisfied they are entitled to the money, there is certainty they will receive it and they are able to quantify their entitlement. Entitlement is the earlier of the Charity being notified of an impending distribution or the legacy being received. Accordingly, all legacies are accounted for when probate is granted 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, excluding those that are subject to the interest of a life tenant.

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.

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.

1.7 Expenditure

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.

1.8 Turnover

Turnover comprises revenue recognised by the Charity in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.9 Tangible fixed assets and depreciation

All assets costing more than £2,500 with a useful economic life greater than four years are capitalised and included at cost including any incidental expenses of acquisition.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land and buildings	–	50 years
Long leasehold land and buildings	–	50 years
Motor vehicles	–	4 years
Fixtures and furnishings	–	4-5 years
Equipment	–	5-10 years

1.10 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 the Trustees 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. The 2018/19 investment properties were valued according to Land Registry indices applicable for the local authorities in east Kent in which various properties are located.

1.11 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Charity. 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 Statement of Financial Activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.12 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.13 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 Income Note 1.6).

1.14 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.

1.15 Provisions

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.16 Financial instruments

The Charity only holds basic Financial Instruments. The financial assets and financial liabilities of the Charity are as follows:

Debtors – trade and other debtors (including accrued income) are basic financial instruments and are debt instruments measured at amortised cost as detailed in Note 22. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Liabilities – trade creditors, accruals and other creditors will be classified as financial instruments, and are measured at amortised cost as detailed in Note 23. Taxation and social security are not included in the financial instruments disclosure. Deferred income is not deemed to be a financial liability, as in the cash settlement has already taken place and there is simply an obligation to deliver charitable services rather than cash or another financial instrument.

1.17 Taxation

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The Charity is registered for VAT and is able to recover some VAT relating to its activities. It is able to recover all VAT relating to non-business activities because it is a hospice. This is reflected in the relevant costs in the Statement of Financial Activities.

1.18 Pensions

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 Group 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 28 as a liability.

1.19 Critical accounting estimates and areas of judgement

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.

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Endowment funds 2019 £'000	Total funds 2019 £'000	Total funds 2018 £'000
Donations	1,066	221	–	1,287	1,077
Legacies	1,572	1,003	–	2,575	3,837
Total 2019	2,638	1,224	–	3,862	4,914
Total 2018	2,838	2,076	–	4,914	

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Endowment funds 2019 £'000	Total funds 2019 £'000	Total funds 2018 £'000
Grants receivable	2,390	400	–	2,790	3,053
Fees receivable	543	–	–	543	589
Total 2019	2,933	400	–	3,333	3,642
Total 2018	3,042	600	–	3,642	

4. ANALYSIS OF INCOME FROM CHARITABLE ACTIVITIES BY TYPE OF INCOME

	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Endowment funds 2019 £'000	Total funds 2019 £'000	Total funds 2018 £'000
Local Health Authority	2,383	400	–	2,783	3,034
Other	7	–	–	7	19
Medical fees	388	–	–	388	406
Ministers' fees	10	–	–	10	3
Mesothelioma compensation	–	–	–	–	15
Course fees and hire of facilities	145	–	–	145	165
Total 2019	2,933	400	–	3,333	3,642
Total 2018	3,042	600	–	3,642	

There are no unfulfilled conditions or other contingencies attached to the government grants above.

5. FUNDRAISING INCOME

	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Endowment funds 2019 £'000	Total funds 2019 £'000	Total funds 2018 £'000
General fundraising	292	–	–	292	526
Proceeds of events	1,182	–	–	1,182	728
Income from Retail	3,727	–	–	3,727	3,243
Income from Lottery	1,162	–	–	1,162	1,107
Total 2019	6,363	–	–	6,363	5,604
Total 2018	5,604	–	–	5,604	

6. TRADING ACTIVITIES

	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Endowment funds 2019 £'000	Total funds 2019 £'000	Total funds 2018 £'000
Charity trading income					
Trading subsidiary	60	–	–	60	84
Charity trading expenditure					
Charity trading expenses	22	–	–	22	37
Net income from trading activities	38	–	–	38	47

Pilgrims Hospices in East Kent owns the whole of the issued share capital of Hospice Shops Limited (Company Registration Number 01623758), Pilgrims Hospice Lottery Limited (Company Registration Number 03130167) and Pilgrims Hospices Trading Limited (Company Registration Number 07993259), all of which are incorporated in England and Wales.

Hospice Shops Limited and Pilgrims Hospice Lottery Limited are dormant and did not trade during the year.

Pilgrims Hospices Trading Limited undertakes the trading activities of its charitable company parent, Pilgrims Hospices in East Kent, and pays all of its profits to the Charity under the gift aid scheme. A summary of the financial performance of the subsidiary in isolation is above.

In 2018 all income and expenditure from trading activities was from unrestricted funds.

The transfer under gift aid of the trading profits of Pilgrims Hospices Trading Limited as a distribution to the Charity was £34k (2018 – £47k).

7. INCOME FROM INVESTMENTS

	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Endowment funds 2019 £'000	Total funds 2019 £'000	Total funds 2018 £'000
Income from investment properties	158	–	–	158	154
Income from listed investments	164	–	–	164	125
Interest receivable on cash deposits	6	–	–	6	2
Total 2019	328	–	–	328	281
Total 2018	281	–	–	281	

8. FUNDRAISING COSTS

	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Endowment funds 2019 £'000	Total funds 2019 £'000	Total funds 2018 £'000
Direct costs	1,386	–	–	1,386	1,221
Support costs	2,360	–	–	2,360	2,115
Total 2019	3,746	–	–	3,746	3,336
Total 2018	3,336	–	–	3,336	

Direct costs are analysed in Note 11.

Support costs are analysed in Note 12.

The Retail and Lottery fundraising activities made a surplus during the year amounting to £1,498k and £646k respectively. Expenditure split between the two fundraising activities amounted to £2,229k and £516k respectively.

9. INVESTMENT MANAGEMENT COSTS

	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Endowment funds 2019 £'000	Total funds 2019 £'000	Total funds 2018 £'000
Investment property costs	93	–	–	93	79
Investment management fees	35	–	–	35	
Total 2019	128	–	–	128	79
Total 2018	79	–	–	79	

10. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES – CURRENT YEAR

	Activities undertaken directly 2019 £'000	Support costs 2019 £'000	Total 2019 £'000	Total 2018 £'000
In-patient	7,144	929	8,073	7,509
Community services	1,365	220	1,585	1,624
Counselling	405	64	469	405
Information and education	283	45	328	409
Total 2019	9,197	1,258	10,455	9,947
Total 2018	8,876	1,071	9,947	

Direct costs are analysed in Note 11.

Support costs are analysed in Note 12.

ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES – PRIOR YEAR

	Activities undertaken directly 2019 £'000	Support costs 2019 £'000	Total 2018 £'000
In-patient	6,703	806	7,509
Community services	1,449	175	1,624
Counselling	360	45	405
Information and education	364	45	409
Total 2018	8,876	1,071	9,947

In 2018, of the total expenditure on charitable activities, £7,278k was from unrestricted funds and £2,669k was from restricted funds.

11. DIRECT COSTS – CURRENT YEAR

	Fundraising costs £'000	In-patient £'000	Community services £'000	Counselling £'000	Information and education £'000	Total 2019 £'000
Food	–	82	–	–	–	82
Medical supplies	–	97	–	–	–	97
Laundry and cleaning	–	89	–	–	–	89
Heat, light and water	–	147	–	–	–	147
Repairs and maintenance	–	319	–	–	–	319
Postage, printing and stationary	–	24	–	–	–	24
Recruitment advertising and fees	–	10	–	–	–	10
Telephone	–	53	34	–	–	87
Insurance	–	31	8	–	–	39
Travel	–	64	57	9	1	131
Course fees and expenses	–	–	–	–	43	43
Professional books and journals	–	–	–	–	2	2
Costs of education centre	–	–	–	–	10	10
Prizes	213	–	–	–	–	213
Other costs	188	–	–	–	–	188
Publicity	86	–	–	–	–	86
Event costs	236	–	–	–	–	236
Staff agency costs	6	413	2	10	19	450
Wages and salaries	657	5,565	1,264	386	208	8,080
Depreciation	–	250	–	–	–	250
Total 2019	1,386	7,144	1,365	405	283	10,583
Total 2018	1,221	6,703	1,449	360	364	10,097

Fundraising costs and expenditure on charitable activities have been separately analysed in notes 8 and 10 respectively.

DIRECT COSTS – PRIOR YEAR

	Fundraising costs £'000	In-patient £'000	Community services £'000	Counselling £'000	Information and education £'000	Total 2019 £'000
Food	-	84	-	-	-	84
Medical supplies	-	110	-	-	-	110
Laundry and cleaning	-	94	-	-	-	94
Heat, light and water	-	161	-	-	-	161
Repairs and maintenance	-	227	-	-	-	227
Postage, printing and stationary	-	19	-	-	-	19
Recruitment advertising and fees	-	8	-	-	-	8
Telephone	-	20	32	-	-	52
Insurance	-	38	-	-	-	38
Travel	36	45	74	8	3	166
Course fees and expenses	-	-	-	-	65	65
Professional books and journals	-	-	-	-	6	6
Costs of education centre	-	-	-	-	23	23
Prizes	212	-	-	-	-	212
Other costs	172	-	-	-	-	172
Publicity	41	-	-	-	-	41
Event costs	109	-	-	-	-	109
Costs	-	216	-	-	-	216
Wages and salaries	651	5,419	1,343	352	267	8,032
Depreciation	-	262	-	-	-	262
Total	1,221	6,703	1,449	360	364	10,097

12. SUPPORT COSTS – CURRENT YEAR

	Fundraising costs £'000	In-patient £'000	Community services £'000	Counselling £'000	Information and education £'000	Total 2019 £'000
Repairs and maintenance	67	2	–	–	–	69
Postage, printing and stationary	–	33	6	2	1	42
Telephone	–	–	–	–	–	–
Travel	–	12	2	1	–	15
Occupational health	–	9	1	–	–	10
Life assurance	–	47	9	3	2	61
Computer costs	–	107	22	6	5	140
Bank charges	–	22	4	1	1	28
Auditors' remuneration	–	25	4	1	1	31
Professional and consultancy fees	–	–	10	4	2	16
Governance costs	–	105	21	5	4	135
Staff agency costs	175	84	16	5	3	283
Other Shops and Lottery costs	591	–	–	–	–	591
Rent and rates	620	–	–	–	–	620
Partial exemption adjustment	–	(5)	1	–	–	(4)
Sundry	–	16	11	3	2	32
Wages and salaries	884	472	113	33	24	1,526
Depreciation	23	–	–	–	–	23
Total 2019	2,360	929	220	64	45	3,618
Total 2018	2,115	806	175	45	45	3,186

Governance costs are analysed in Note 13.

SUPPORT COSTS – PRIOR YEAR

	Fundraising costs £'000	In-patient £'000	Community services £'000	Counselling £'000	Information and education £'000	Total 2018 £'000
Repairs and maintenance	110	1	–	–	–	111
Postage, printing and stationary	–	26	6	1	1	34
Telephone	–	1	–	–	–	1
Travel	–	9	2	1	1	13
Occupational health	–	9	2	1	1	13
Life assurance	–	7	2	–	–	9
Computer costs	–	78	17	4	4	103
Bank charges	–	15	3	1	1	20
Auditors' remuneration	–	15	3	1	1	20
Professional and consultancy fees	–	19	4	1	1	25
Governance costs	–	85	19	5	5	114
Other shops and lottery costs	494	–	–	–	–	494
Rent and rates	533	–	–	–	–	533
Partial exemption adjustment	–	15	3	1	1	20
Sundry	–	15	3	1	1	20
Wages salaries	938	511	111	28	28	1,616
Depreciation	40	–	–	–	–	40
Total	2,115	806	175	45	45	3,186

Governance costs are analysed in Note 13.

13. GOVERNANCE COSTS

	2019 £'000	2018 £'000
Occupational health	1	1
Life assurance	8	1
Postage, printing and stationary	5	4
Travel	2	1
Computer costs	17	13
Bank charges	4	2
Auditors' remuneration	5	2
Professional and consultancy fees	2	3
Partial exemption adjustment	–	2
Sundry	3	3
Wages and salaries	88	82
Total	<u>135</u>	<u>114</u>

14. TURNOVER

All turnover arose within the United Kingdom.

15. NET INCOME/(EXPENDITURE)

This is stated after charging/(crediting):

	2019 £'000	2018 £'000
Depreciation of tangible fixed assets: – owned by the charitable group	273	301
Lease rental of motor vehicles	62	68
Lease rental of land and buildings	558	434
(Profit) on fair value movement of investment properties	(58)	(139)
(Profit) on fair value movement of investments	<u>(107)</u>	<u>(111)</u>

During the year, no Trustees received any remuneration (2018 – £NIL).

During the year, no Trustees received any benefits in kind (2018 – £NIL).

During the year, 2 Trustees received reimbursement of expenses amounting to £383 (2018 - 3 Trustees amounting to £632).

16. AUDITORS' REMUNERATION

	2019 £'000	2018 £'000
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	24	23
Fees payable to the Charity's auditor in respect of:		
Audit of the Charity's subsidiary	3	3
Taxation compliance services	5	–
All other non-audit services not included above	<u>3</u>	<u>4</u>

17. STAFF COSTS

Staff costs were as follows:

	2019	2018
	£'000	£'000
Wages and salaries	8,246	8,093
Social security costs	717	702
Other pension costs	643	626
	<u>9,606</u>	<u>9,421</u>

Wages and salaries included within governance costs are not included in the above analysis. Wages and salaries allocated to governance costs during the year amounted to £88,000 (2018: £82,000).

The average number of persons employed by the Charity during the year was as follows:

	2019	2018
	No.	No.
Fundraising	24	23
Trading	46	42
In-patient	231	230
Community services	44	43
Counselling	15	13
Information and education	12	10
Administration and support	20	22
	<u>392</u>	<u>383</u>

Average headcount expressed as a full time equivalent:

	2019	2018
	No.	No.
Fundraising	22	21
Trading	43	40
In-patient	141	145
Community services	39	41
Counselling	11	9
Information and education	7	7
Administration and support	20	21
	<u>283</u>	<u>284</u>

17. STAFF COSTS (continued)

The number of higher paid employees was:

	2019	2018
	No.	No.
In the band £60,001 – £70,000	5	2
In the band £70,001 – £80,000	2	2
In the band £80,001 – £90,000	0	1
In the band £100,001 – £110,000	1	1
In the band £120,001 – £130,000	0	1

8 employees (2018 – 7) earning more than £60,000 participated in defined contribution pension schemes at a cost of £59,220 (2018 – £68,428).

Key Management Personnel

The total amount of employee benefits received by Key Management Personnel is £713,719 (2018 – £564,730). The Charity considers its Key Management Personnel during the year to comprise;

- Trustees
- Chief Executive
- Director of HR and Workforce Development / Company Secretary
- Director of Nursing and Care
- Director of Finance and IT
- Director of Income Generation and Marketing
- Head of Hospice Services
- Director of Medicine and Research

18. TANGIBLE FIXED ASSETS

Group and Charity	Freehold land and buildings £'000	Long leasehold land and buildings £'000	Motor vehicles £'000	Furniture & furnishings £'000	Equipment £'000	Total £'000
Cost						
At 1 April 2018	10,786	2,618	82	287	680	14,453
Additions	–	39	–	–	104	143
Disposals	–	–	(16)	–	(38)	(54)
At 31 March 2019	10,786	2,657	66	287	746	14,542
Depreciation						
At 1 April 2018	2,942	1,151	71	287	568	5,019
Charge for the year	169	55	5	–	44	273
On disposals	–	–	(16)	–	(23)	(39)
At 31 March 2019	3,111	1,206	60	287	589	5,253
Net book value						
At 31 March 2019	7,675	1,451	6	–	157	9,289
At 31 March 2018	7,844	1,467	11	–	112	9,434

Included in Freehold land and buildings is freehold land at valuation of £2.0 million that is not depreciated.

19. INVESTMENT PROPERTY

Group and Charity	Freehold investment property £'000
Valuation	
At 1 April 2018	1,834
Surplus/(deficit) on revaluation	58
At 31 March 2019	1,892

During the year ended 31 March 2019 the fair values of investment properties were determined by the Trustees. These were valued according to Land Registry indices applicable for the local authorities in east Kent in which various properties were located. Based on these, the Trustees' best estimate of their fair value at 31 March 2019 is £1,892k (2018 – £1,834k), which compares favourably with the historical cost of £1,207k (2018 – £1,207k).

Management undertakes regular reviews of the condition of the investment properties and regular maintenance is undertaken in order to maintain values.

20. FIXED ASSET INVESTMENTS

Group and Charity	Listed securities £'000	Other investments £'000	Total £'000
Fair value			
At 1 April 2018	7,098	197	7,295
Additions at cost	3,661	–	3,661
Disposals at carrying value	(3,659)	(36)	(3,695)
Revaluations	107	–	107
At 31 March 2019	7,207	161	7,368

Group investments at fair value comprise:

	2019 £'000	2018 £'000
Listed investments	7,207	7,098
Bank balances	161	197
Total fair value	7,368	7,295

All the fixed asset investments are held in the UK

The Charity owns 3 ordinary shares of £1 each in Hospice Shops Limited (Company Registration Number 01623758), 2 ordinary shares of £1 each in Pilgrims Hospice Lottery Limited (Company Registration Number 03130167) and 2 ordinary shares of £1 each in Pilgrims Hospices Trading Limited (Company Registration Number 07993259), all of which are wholly owned subsidiaries and are incorporated in England and Wales.

21. STOCKS

	Group		Charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Stock	26	11	6	–

22. DEBTORS

	Group		Charity	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade debtors	668	458	668	458
Amounts owed by group undertakings	–	–	124	30
Other debtors	372	176	372	176
Prepayments and accrued income	192	228	192	228
Legacies	1,673	2,493	1,673	2,493
	2,905	3,355	3,029	3,385

23. CREDITORS: Amounts falling due within one year

	Group		Charity	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade creditors	635	379	635	372
Corporation tax	9	–	–	–
Other taxation and social security	38	214	30	208
Other creditors	15	–	7	–
Accruals and deferred income	902	587	900	583
	1,599	1,180	1,572	1,163

	Group		Charity	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Deferred income				
Deferred income at 1 April 2018	297	147	297	147
Resources deferred during the year	212	297	212	297
Amounts released from previous years	(297)	(147)	(297)	(147)
Deferred income at 31 March 2019	212	297	212	297

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

24. STATEMENT OF FUNDS

STATEMENT OF FUNDS – CURRENT YEAR

	Balance at 1 April 2018 £'000	Income £'000	Expenditure £'000	Transfers in/out £'000	Gains/ (Losses) £'000	Balance at 31 March 2019 £'000
Designated funds						
Fixed Asset Fund	9,434	-	-	(145)	-	9,289
General funds						
General Funds	12,821	12,322	(12,783)	145	-	12,505
Revaluation Reserve	1,095	-	-	-	165	1,260
	13,916	12,322	(12,783)	145	165	13,765
Total Unrestricted funds	23,350	12,322	(12,783)	-	165	23,054
Endowment funds						
Permanent Endowment Fund	13	-	-	-	-	13
Restricted funds						
Ashford Hospice	11	340	(315)	-	-	36
Bedside Fund	4	10	(13)	-	-	1
Canterbury Hospice	14	432	(425)	-	-	21
Thanet Hospice	13	362	(352)	-	-	23
Hospice at Home	-	401	(401)	-	-	-
Sundry projects	76	79	(62)	-	-	93
	118	1,624	(1,568)	-	-	174
Total of funds	23,481	13,946	(14,351)	-	165	23,241

Designated funds: The Fixed asset 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 the Unrestricted General fund and the Fixed asset fund 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 General funds where spent in the year, or carried forward where unspent. Included in sundry projects is a legacy specifically for the funding of nurses' education.

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

24. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS – PRIOR YEAR

	Balance at 1 April 2017 £'000	Income £'000	Expenditure £'000	Transfers in/out £'000	Gains/ (Losses) £'000	Balance at 31 March 2018 £'000
Designated funds						
Fixed Asset Fund	9,713	–	–	(279)	–	9,434
General funds						
General Funds	11,078	11,849	(10,730)	279	345	12,821
Revaluation Reserve	1,190	–	–	–	(95)	1,095
	12,268	11,849	(10,730)	279	250	13,916
Total Unrestricted funds	21,981	11,849	(10,730)	–	250	23,350
Endowment funds						
Permanent Endowment Fund	13	–	–	–	–	13
Restricted funds						
Ashford Hospice	1	814	(804)	–	–	11
Bedside Fund	–	6	(2)	–	–	4
Canterbury Hospice	9	838	(833)	–	–	14
Thanet Hospice	9	393	(389)	–	–	13
Hospice at Home	–	402	(402)	–	–	–
Winter pressures costs	–	200	(200)	–	–	–
Nursing salaries	–	5	(5)	–	–	–
Marketing	–	2	–	–	–	2
Sundry projects	92	16	(34)	–	–	74
	111	2,676	(2,669)	–	–	118
Total of funds	22,105	14,525	(13,399)	–	250	23,481

25. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS – CURRENT YEAR

	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Endowment funds 2019 £'000	Total funds 2019 £'000
Tangible fixed assets	9,289	–	–	9,289
Fixed asset investments	7,355	–	13	7,368
Investment property	1,892	–	–	1,892
Current assets	6,117	174	–	6,291
Creditors due within one year	(1,599)	–	–	(1,599)
	23,054	174	13	23,241

ANALYSIS OF NET ASSETS BETWEEN FUNDS – PRIOR YEAR

	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Endowment funds 2018 £'000	Total funds 2018 £'000
Tangible fixed assets	9,434	–	–	9,434
Fixed asset investments	7,282	–	13	7,295
Investment property	1,834	–	–	1,834
Current assets	5,980	118	–	6,098
Creditors due within one year	(1,180)	–	–	(1,180)
	23,350	118	13	23,481

26. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group	
	2019	2018
	£'000	£'000
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(240)	1,376
Adjustment for:		
Depreciation charges	273	301
Gains on investments	(165)	(250)
Dividends, interest and rents from investments	(328)	(281)
Loss on the sale of fixed assets	15	–
Increase in stocks	(15)	(2)
Decrease/(increase) in debtors	450	(103)
Increase in creditors	419	63
Net cash provided by operating activities	409	1,104

27. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group	
	2019	2018
	£'000	£'000
Cash in hand	3,360	2,732
Total	3,360	2,732

28. PENSION COMMITMENTS 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 FRS102 represents the employer contribution payable. While the Plan is primarily a defined contribution scheme it has inherent guarantees that mean the charity may need to make further contributions to meet deficits.

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

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

The Charity has been notified by the Baptist Pension Scheme of the estimated employer debt on withdrawal from the Plan based on the 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.

29. OPERATING LEASE COMMITMENTS

At 31 March 2019 the total of the Group's future minimum lease payments under non-cancellable operating leases was:

	2019	2018
Group and Charity	£'000	£'000
Land and buildings – Amounts payable:		
Within 1 year	306	367
Between 2 and 5 years	851	940
After more than 5 years	463	187
Total	1,620	1,494
Other – Amounts payable:		
Within 1 year	23	19
Between 1 and 5 years	22	37
Total	45	56

The 2018 comparative balances have been restated to include vehicles operated by the Charity under operating lease commitments.

30. RELATED PARTY TRANSACTIONS

The Charity wholly owns Hospice Shops Limited (Company Registration Number 01623758), Pilgrims Hospice Lottery Limited (Company Registration Number 03130167) and Pilgrims Hospices Trading Limited (Company Registration Number 07993259).

Pilgrims Hospices Trading Limited contributed £1,713 (2018 – £3,852) to the Charity towards the rent of the premises occupied by the company and the cost of wages and salaries, and £16,675 (2018 – £22,314) for the cost of food provided. In addition the company paid £33,466 (2018 – £47,744) to the Charity by way of gift aid. At the year end the Charity was owed by the company £77,687 (2018 – £31,851). This amount is unsecured, interest payable and repayable within one year.

Hospice Shops Limited has been dormant since 1 April 2012. At the year end the company was owed £3 (2018 – £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 year end the company was owed £2 (2018 – £2) by the Charity. This amount is unsecured, interest free and repayable within one year.

31. CONTROLLING PARTY

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

32. PRINCIPAL SUBSIDIARIES Pilgrims Hospices Trading Limited

Pilgrims Hospices Trading Limited

Subsidiary name	Pilgrims Hospices Trading Limited
Company registration number	07993259

	£'000
Total assets as at 31 March 2019	£ 96
Total liabilities as at 31 March 2019	£ (96)
Total equity as at 31 March 2019	£ –
Turnover for the year ended 31 March 2019	£ 60
Expenditure for the year ended 31 March 2019	£ (60)
Result for the year ended 31 March 2019	£ –