

Company number: 02000560

Charity number: 293968

Pilgrims Hospices in East Kent

Report and financial statements

For the year ended 31 March 2023

PILGRIMS HOSPICES IN EAST KENT
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE INFORMATION
FOR THE YEAR ENDED 31 March 2023

Trustees	K Warden S Bates LLB. (Hons.) Dr P Biggs (appointed 29 September 2022) P Bradshaw (resigned 29 September 2022) S Cuomo S Oriel MA (Cantab) S Perks J Richards E Sharp MB BS, FRCS Dr R Wilson
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Company registered number	02000560
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Charity registered number	293968
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Registered office	56 London Road Canterbury Kent CT2 8JA
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Independent auditor	Sayer Vincent LLP Invicta House 108-114 Golden Lane London EC1Y 0TL
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CONTENTS:

Chair & Chief Executive's Statement	Page 2 – 3
Key Facts and Figures	Pages 3 – 4
2021 Strategic Progress & Key Achievements	Pages 5 – 11
Future Plans and Objectives	Pages 11- 12
Structure & Governance	Pages 12 – 16
Environment	Pages 16 – 18
Principal Risks and Uncertainties	Pages 18 – 19
Related Parties and Relationships with other organisations	Page 19 – 20
Financial Review	Pages 20 – 22
Investment Policy and Performance	Pages 22 – 24
Statement of disclosure to the auditors	Page 24
Statement of Trustees' responsibilities	Page 25
Auditors opinion	Pages 26 – 30
Financial statements	Pages 31 – 34
Notes to the accounts	Pages 35 – 65

CHAIR & CHIEF EXECUTIVE'S STATEMENT:

Pilgrims Hospices has performed strongly during 2022-23, particularly as we recovered from the COVID Pandemic. The health and well-being of our staff and volunteers has been of utmost focus for our leadership team and the Board of Trustees. We understand that without this focus we would not be able to deliver the vital care and charitable activities so valued by the communities across east Kent.

We have achieved many of the objectives we set for ourselves in 2022-23, and our significant achievements have included:

- Working closely with the Kent and Medway Integrated Care Board to review our future funding needs and compliance with the Health and Care Act 2022 to ensure equity of provision of palliative and end of life care services to our local population.
- Developing services with local partners to ensure early identification of those with a life limiting illness to ensure they have care plans in place which include what matters most to them at this time.
- Continuing to strengthen our governance oversight post COVID by re-introducing onsite visits by Trustees to talk to staff, volunteers, patients and families to understand the day to day working of the hospice and quality of the services we deliver, and so better inform decision-making by the Board.
- Finally, we were delighted to be able to celebrate 40 years of Pilgrims Hospices services with our founder, Ann Robertson and all our staff and volunteers across our three sites. It was wonderful to be able to thank everyone for all they do in person!

Working with both our statutory and non-statutory partners in health and social care across the systems has been of great value. Developing our relationships and key partnerships to collaborate means that that we can use our scarce and valuable resources to maximum benefit for those we care for. Working in collaboration with others ensures that we can build a sustainable hospice for many years to come.

We could not be more proud to continue to lead such a thriving and dynamic organisation that truly holds the patient and those that care for them at the very centre of all we do. We could not thank our staff, volunteers and all of those that offer us support on each and every day of the year enough for all they do. It is this support that makes Pilgrims Hospices a very special charity that sits firmly within the communities we serve.

STRATEGIC REPORT

OBJECTS AND ACTIVITIES (Facts and figures)

Pilgrims Hospices serves a population of approximately 750,000, providing adult palliative care services across East Kent. The charity employs around 350 people and is supported by over 1,500 volunteers. Pilgrims provides support through a number of services:

Inpatient Units

Pilgrims operates three inpatient units in Ashford, Canterbury and Thanet, providing specialist palliative care delivered by a multi-disciplinary team of clinicians. Pilgrims aspires to provide a homely, welcoming environment for patients where they will feel safe, comfortable and well cared for.

Community Services

Pilgrims' dedicated community teams provide specialist palliative care assessment and advice for patients in community settings, whether in their own home, care home, or through outpatient appointments on site, via telephone or virtually. Support is also available 24 hours per day, 365 days per year through a dedicated advice line.

Therapy & Wellbeing

A multi-disciplinary team including Wellbeing Practitioners, Physio and Occupational Therapists provides therapies and wellbeing support for patients through Pilgrims Therapy Centres, as well as through home visits, provision of gym services, and specialist assessment. Therapies input is intended to ensure patients have access to the support they need to enjoy the highest possible quality of life, living as well and as comfortably as possible.

Hospice at Home

Hospice at Home provides dedicated domiciliary care for patients in the last days and hours of life. The team provides up to three visits per day, administering personal care and supporting patients to remain in their preferred place of care until they die.

Psychosocial and Bereavement Care

In the year ended March 2023:

Pilgrims received
2,769 referrals
(1.4% increase from 2022)

Pilgrims admitted
907 patients
to our inpatient units
(12% increase from 2022)

Pilgrims delivered
6,802
Community Contacts
(2% increase from 2022)

1.34 million
Donated items sold
through our shops

Social Workers, Counsellors and Spiritual Care professionals work to provide holistic, person-centred care to patients, addressing their psychosocial needs. The Counselling team also provides bereavement support to anyone across east Kent through the Stepping Stones Bereavement Services.

Cost

In the year to March 2023 it cost £11.4 million to deliver these services.

Our Vision

At Pilgrims Hospices we have a simple Vision: “of a community where people with a terminal illness and their family and friends are supported and empowered to live well in mind and body until the very last moment of their life.”

Our Mission

Our ‘Mission’ is to make a difference in the lives of individuals in east Kent who are facing the last year of life. To do this we:

- Provide open, compassionate care and expertise for patients and their families; both in the community and in our inpatient units. We will continue this support for families through their bereavement.
- Inform, educate and enable patients and their families so they can make informed choices and participate in planning their own care.
- 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.

Our Values

To achieve our Vision, we have a shared set of values and behaviours that will enable us to be the people and the charity that patients and their loved ones need us to be. They form our ‘CODE’ which guides us in our daily working and decision making.

Compassionate -	We treat everyone with compassion and care.
Open -	We communicate openly, honestly and effectively.
Dynamic -	We are dynamic, improving and developing our services.

Pilgrims took over
3,700 phone calls
per month from patients,
families and professionals

On average, Pilgrims
provided over
**1,940 patient
meals**
per month

Pilgrims welcomed
**10,500
Supporters**
to events and
challenges in 2022-23

Pilgrims provided
**1,439
Bereavement Care
Sessions**
(A 22% decrease on the previous year.)

Lottery entries achieved
21,872
per week on average
(A 6% increase on the previous year.)

STRATEGIC PROGRESS & KEY ACHIEVEMENTS

2021-22 saw the launch of Pilgrims Hospices' five-year Organisational Strategy, covering the period 2021-2026.

Four pillars underpin and guide the charity's long-term strategic ambitions and inform the setting of annual objectives.



Objective One: We will put the patient at the centre of all we do, delivering the care they need, where they need it.

As a charity, Pilgrims' first priority will always be patients and the organisation is dedicated to ensuring that service users, as well as their families, receive the highest standards of care and support.

Throughout the year, the proportion of patients indicating satisfaction across all services averaged 98% based on feedback obtained via the independent *I Want Great Care* programme. Processes for recording and following up complaints ensure that if service standards fall below those expected, or where a patient is unhappy with the service received, that this is captured, and that the most is made of opportunities for learning.

Outcome measures

During 2022-23, we made significant changes to our patients' involvement and participation in their

care planning, as well as our documentation and our reporting on outcomes. The complexity of our patients at first assessment is now regularly reported on for patients in the inpatient units. The change in troublesome physical, psychosocial and spiritual symptoms is shared, as well as the highlighting of their impact of our care on the quality of life. Towards the end of 2022-23, we extended the regular reports into all community hospice services and this collection of outcome and complexity data will form a main part of the shaping of community and therapy centre based services over the next financial year.

The ongoing impact of COVID-19 on direct patient care and staffing numbers meant that patient safety remained a key consideration throughout 2022-23. Guidance was reviewed and updated throughout the year, with a focus on ensuring that precautions were balanced against patient need, particularly in relation to visiting. As a result of adherence to robust processes, Pilgrims Hospices was able and continues to admit and care for COVID positive patients safely and with no interruption to normal operations across its in-patient units.

Pilgrims worked closely with partners across the healthcare sector, including East Kent Hospitals University NHS Foundation Trust (EKHUFT), throughout the year, in order provide support to the maximum number of patients. This included opening additional beds to facilitate admissions for end of life (EOL) patients who are waiting for a discharge package, which in turn reduced pressure on NHS/EKHUFT acute services. The Thanet hospice ran at 12 bed capacity for much of the year, Our Ashford hospice increased to 12 beds in December 2022. The Canterbury hospice remains insufficiently staffed to allow an increase of bed numbers beyond 8 beds at the time of writing. Agency staff are used on most shifts to maintain these additional beds.

Objective Two: We will use our influence to develop our services and maximise our reach as we implement new service initiatives.

Evidence demonstrates that earlier involvement with palliative care services improves quality of life and End of Life outcomes for patients and earlier intervention is therefore a key priority for Pilgrims now and in the future. Central to this ambition is the Think, Talk, Act programme which, in partnership with GPs, seeks to identify and engage the 1% of patients likely to die in the next 12 months, as well as the 3% of patients already identified as “moderately frail”.

This programme aims to:-

- enable and empower families to participate in creating their own plans for care whilst they are well enough to participate
- increase the percentage of people identified as likely to be in their last year of life, so that end of life care can be improved by personalising it according to their needs and preferences
- increase the percentage of people who have died having been offered the opportunity for personalised care and support planning
- work alongside primary care colleagues to help identify and support relevant patients, we will introduce proactive and personalised care planning for everyone identified as being in their last year of life
- extend the time we have with a family to establish deeper connection and provide more holistic care
- change the perception people have of Pilgrims – to move away from being seen as a place to die to being seen as an enabler of living well in the final phase of life
- increase support for Pilgrims from a much broader cohort of our local community.

The COVID-19 outbreak delayed plans for the launch of Pilgrims Hospices' Think, Talk, Act programme in 2020, due to significant restrictions on face-to-face activity, as well as on use of indoor space. As restrictions eased during 2021-22, plans were renewed, however, the emergence of the Delta and Omicron Variants resulted in further delays.

Despite significant setbacks, the charity was able to launch successfully the Think pilot in January

2022. General Practitioners invited patients who were assessed to be moderately frail to a THINK session held at the Hospice to explain Advance Care Planning. The initial response to the programme has been overwhelmingly positive, with uptake significantly exceeding expectations and averaging 11%. Overall, sessions were delivered to 106 attendees during the period January to March 2022.

Some feedback from the attendees included:

'VERY INTERESTING AND BROUGHT UP MATTERS WE OFTEN PUT OFF, SHOULD BE MADE AVAILABLE TO MORE PEOPLE'

'GIVES YOU LOADS TO THINK ABOUT NOT JUST THE PERSON I CARE ABOUT ALSO MYSELF'

'IT HAS MADE MY WIFE AND I THINK ABOUT THE FUTURE- ALTHOUGH WE ARE BOTH IN OUR 80'S AND ACTIVE. WE THINK YOUR PRESENTATION WILL MAKE US LOOK INTO ALL THE POINTS MADE. SOME ELDERLY PEOPLE NEED HELP WITH THE INTERNET- MAYBE COURSES COULD BE ARRANGED FOR THE OVER 70'S'

'USEFUL TO KNOW YOU CAN DISCUSS THIS WITH THE GP PRACTICE AND THAT THEY ARE SUPPORTING THIS. ALSO DID NOT KNOW DNR WAS NOT LEGALLY BINDING'

'A GOOD WAY OF STARTING CONVERSATIONS'

'A LOT OF THOUGHT HAS GONE INTO THE SESSION GIVING FOOD FOR THOUGHT AND WHERE TO GET MORE INFORMATION. MANY THANKS TO THE TEAM'

The Talk element of the pilot commenced in January 2023, with the evaluation being prepared for the new financial year. This was with a view to developing a full service specification and a proposal for a roll out across east Kent.

Virtual wards

The Hospice is represented on the Strategic Committee to develop and roll out Virtual ward beds in east Kent. These beds are supported by EKHUFT medical and nursing staff, with the aim to prevent admission to the acute sector and facilitate earlier step down discharges. The hospice is committed to support end of life and/or rapid response, as long as appropriate and sustained funding is provided and staffing levels allow.

Single Point of access (SPA)

The Hospice is working closely with all other specialist palliative care providers in east Kent and Medway, at CEO and Clinical & Medical Director level. All providers are committed to supporting the ICB in the rollout of a SPA and contributing with Senior Medical Advice and Hospice at Home / rapid response support for complex patients at the end of their lives who are not yet known to the hospices. No further progress has been made on sustained and ringfenced funding for specialist palliative care. The deadline of the SPA start has been postponed twice and no date has been confirmed or funding for hospice services agreed.

Stepping Stones Bereavement Service

The Stepping Stones Bereavement Service moved to a telephone service throughout the COVID pandemic and face to face bereavement groups were reintroduced in the autumn of 2022 on all 3 sites. The demand for this service has meant that two out of the three groups were oversubscribed.

It is planned to look at expanding this service to support more bereaved people across east Kent.

Objective Three: We will ensure clinical and financial stability through the achievement of a break-even position and by securing consistent and equitable statutory funding as well as identifying new ways to maximise commercial revenue.

The ongoing impact of COVID-19 resulted in significant financial uncertainty in 2021-22. Throughout 2022-23, Pilgrims worked hard to mitigate these impacts, sustain voluntary income, and secure additional statutory funding. Pilgrims also continued to invest in the development of its estate to ensure maximum value is realised from its existing assets. The charity is delighted to report that these efforts were successful.

Sustaining Voluntary Income:

Pilgrims Hospices' Income Generation Team worked hard to sustain and grow voluntary income throughout 2022-23:

Retail – At the end of the 2022-23 financial year, Retail had surpassed their five year projections set in 2020 and achieved a sales income of £5.1 million, representing over £660k up on the previous year. A notable highlight was the opening of a new shop, Store 50, in Canterbury, which has a vintage retro style. Other highlights were the way the team interacted with the fundraising teams over the sale of chattels (gifts of items left in wills), which generated an increasing amount of income for the charity.

Over the last 36 months, the team have increasingly embraced social media as a way of individual shops interacting with the local communities in which they are based and have expanded their online trading platforms.

Community Fundraising – Community Fundraising have performed exceptionally well, despite the notable reduction of local supporter events across the area. The team reported a strong second half of the year and were only marginally down on budget. A highlight of the year was the team's partnership working with Kent County Council and FCC Waste Management, collecting over 5,000 Christmas Trees and raising over £45k for the hospice.

Events – Events performed strongly during the year, particularly our flagship events (namely The Pilgrims Way Challenge and Pilgrims Cycle Challenge), which together generated over £200k. In 2022 a third challenge event was introduced (Folkestone Downs), generating £45k in its first year. Individuals undertaking personal challenges such as the London Marathon, Wing Walking and parachute jumps generated a staggering £40k from 40 individuals.

Individual Giving – Individual giving activity, including face-to-face *In Memory* events, have performed above budget. The introduction of our *Always Caring* programme, has worked well, attracting over 500 members in its first year. During the year, two sizeable donations from individuals were received of £90k and £100k, for which we are very grateful.

During the first six months of the year, unsolicited income performed to budget but then went on to outperform budget during the latter part of the year. The generosity of individuals helped Individual Giving generate in excess of £214k over the original budget for the year.

Trusts – In 2022-23 income from Trusts has not been as strong as the previous year. However, a significant success was achieved in securing a £34k grant to fund video conferencing equipment, which will allow our clinicians to reach people in rural locations enabling them to participate in therapy and physiotherapy sessions. It will also allow them to meet virtually with our consultants and senior clinicians and receive 1-2-1 support.

Lottery – The Lottery has been a consistent and sustainable source of income for Pilgrims Hospices. That said, 2022-23 has been challenging for the Lottery Team due to the national

shortage of lottery canvassers, which has impacted their ability to increase our Lottery membership. To minimise further decreases in revenue during 2023-24, the Team ran a telephone upgrade campaign, encouraging existing members to increase the number of lottery lines they have in play.

Legacies – Legacy income has performed better than expected, with income over £970k higher than budget. During the year the team has worked hard to streamline our legacy administration processes and defining key performance indicators to allow us to monitor income more accurately in future years.

Securing Additional Statutory Funding:

Throughout 2022-23 Pilgrims Hospices, in collaboration with other Kent and Medway (K&M) Hospices, continued to engage with commissioners regarding the need to achieve fair and sustainable statutory funding, in line with the national funding frameworks, which became enshrined in law within the Health and Care Act 2022

Discussions continue to be productive and some additional non-recurrent funding for 2021/22 was provided to Pilgrims. Our focus moving forward is to negotiate funding for core and specialist palliative and end of life care services in line with NHS national commissioning intentions guidance for Commissioners and Integrated Care Boards..

Estates Development:

Pilgrims Hospices has a significant freehold estate, which encompasses a number of retail units arranged over multiple floors. In order to ensure Pilgrims realises the maximum value of its assets, work has been undertaken to identify excess space within the estate and to explore value-generative options to develop these areas.

During 2022-23, we started planning work on a project to convert space above the charity's Broadstairs shop into two residential units. It is anticipated that this development work will take place in 2023-24.

Objective Four: We will implement new ways of working across clinical and non-clinical services and day to day operations, both internally and externally.

Advanced Clinical Practitioners (ACPs):

Pilgrims Hospices recognises that workforce sustainability, and ensuring the supply of suitably skilled staff, will be key to maintaining a high-quality service into the future. In particular, it has become increasingly difficult to recruit Specialty Doctors due to a shortage of supply across the wider healthcare sector.

In order to address some of these issues, starting in 2021-22, Pilgrims developed Advanced Clinical Practitioner roles, to be recruited in three cohorts, with a total number of nine in post by 2024. The initiative has included opportunities for Trainee Advanced Clinical Practitioners (those required to simultaneously study for a Master's degree and non-medical prescribing), and this has allowed us to successfully recruit to all 9 posts, with the final three onboarding in the first half of 2023.

By 2026-27 it is planned that ACPs will augment Specialty Doctor roles within the staffing establishment, where these posts become difficult to fill. This will ensure a more sustainable workforce, while also ensuring Pilgrims is able to offer enhanced development opportunities to clinical staff, which is expected to drive improvements in recruitment and retention.

Nursing Associates:

Following the successful conclusion of training for our first [trainee] Nursing Associate, they have now moved into a qualified Nursing Associate role on our Thanet site. A new trainee Nursing Associate has been recruited to continue this initiative to grow our own nurses for the future, with a further role being recruited in mid-2023.

Volunteering:

Volunteers represent a significant segment of Pilgrims' workforce, providing support across all areas of the charity's operations. Volunteer roles are varied, from shop volunteers, to receptionists, to volunteers providing support directly to patients and families.

We recognise that COVID-19 impacted on our model of volunteering which we worked to restore during 2021-22. Investment was made into a new Volunteering Advisor role in Q3 2022 and we have started to bring consistent support to volunteer managers and to recruiting new volunteers, attending local events and producing quality recruitment materials. Relationships with volunteering bodies and local colleges have been strengthened and we have increased the number of placements we are supporting into our catering teams.

This year, Pilgrims Hospices submitted 3 nominations to the annual Hospice UK awards and received the award (posthumously) of "Volunteer Gardener of the Year" for Arthur Walkiden's long support at the Pilgrims Hospice in Thanet.

Workforce Engagement

A number of mechanisms are in place to engage with staff and volunteers, including an annual Staff and Volunteer Survey operated by Birdsong Charity Consulting. This survey asks staff and volunteers about their views on a range of topics, provides a comparison with the wider hospice sector, and also provides an overview of how "engaged" respondents are compared to the national average. The results of this survey are summarised and shared with the Board of Trustees and wider organisation.

Pilgrims has a Local Management Team (LMT) in place at each hospice, which considers Claims, Concerns and Issues for their site, and which are in turn escalated to the Senior and Executive Management Teams. LMTs are also the primary method of cascading information across the organisation.

Following delivery of the 2022 survey, LMTs have taken responsibility for discussing the feedback with their local teams and proposing changes to our local workplaces. Key areas of focus highlighted in the survey include communications across sites and teams bringing consistency to local inductions, and providing timely support to each other during periods of high demand for our services. Both local and senior managers are developing plans to support improvements in these areas

The charity has effective policies and procedures for raising and escalating concerns, including the Grievance and Whistleblowing policies.

The Board of Trustees is assured and updated regarding workforce engagement and terms and conditions of employment developments via Board Reports prepared by the organisation's Executive Management Team. Trustees are represented on various committees which oversee aspects of engagement activity, including:

- The Remuneration & Workforce Committee, which considers pay, benefits and employee health & wellbeing and all policy development relating to both our paid and volunteer workforce.
- The Central Health & Safety Committee which is responsible for ensuring that working environments are safe and appropriate for staff and volunteers.
- The Clinical Quality and Governance Committee which ensures staff have the support needed to work safely and effectively.

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- The Information Governance Group which ensures staff and volunteer data is protected and used appropriately.
 - The Education & Training Group which ensures staff and volunteers have the necessary training and development to fulfil their potential.

“Board Walks”, where Trustees and EMT members tour Pilgrims facilities and speak with staff and volunteers have continued throughout the year, providing accessibility and visibility of the senior leadership team to the wider workforce.

The “Coffee and Cake” initiative where staff and volunteers can meet with the Chief Executive and Chair of Trustees in an informal environment has also continued, with slight changes to its format following feedback from staff and volunteers to make the sessions more accessible.

Our Board Walks and Coffee and Cake initiatives give Trustees and senior leaders an opportunity to meet a wide range of staff and volunteers, to discuss matters raised at Board Sub-Committees and the Board of Trustees’ meeting and see the reality of the day to day operations on all of our sites.

Our gender pay reports are published in line with the Equality Act 2010, and can be viewed on our website at: <https://www.pilgrimshospices.org/about-us/work-with-us/>.

FUTURE PLANS AND OBJECTIVES

Think, Talk, Act

Following the successful pilot of Think in the final quarter of 2021-22, the Talk Pilot took place during the first quarter of 2022-23. Following the evaluation of both pilots, a full service specification will be developed for both programmes, in anticipation of gaining funding to roll this out across east Kent.

Statutory Funding

A key objective for Pilgrims remains obtaining equitable, sustainable, statutory funding from the Kent & Medway Integrated Care Board.

Over the course of 2022-23, significant progress was made with Commissioners who have acknowledged the need for a sustainable funding solution, and have committed to working with Kent and Medway on an appropriate funding model.

Work is expected to continue throughout 2023-24, with a view to a revised grant agreement being put in place from April 2024.

Canterbury New Build

In 2014 Pilgrims Hospices was approached by Pentland Homes and the Tory Foundation, offering to provide land as part of the planned Saxon Fields development for a new, purpose-built hospice in Canterbury, as well as a contribution to construction costs. As of 2022 the generous offer tabled by Pentland comprised the freehold title of the land and a £4 million donation.

During 2021-22, Pilgrims Hospices’ Board of Trustees unanimously agreed to accept the offer from Pentland Homes and the Tory Foundation and to designate the donation to a fund which would help finance the building of the new hospice.

During 2022-23 the stage 3 plans for a new hospice building were completed and some indicative costings produced. Due to the increased costs in the construction sector, these costs had increased significantly from the previous year.

A pre-planning application was made to Canterbury City Council for a potential residential scheme to be developed on the current London Road site, if Pilgrims Hospices relocates to a new hospice at Saxon Fields. This would be used indicatively with potential developers interested in developing the site, if the site was marketed, to ensure that we realise the best value possible for the site. This is key to our funding for the new hospice at Saxon Fields.

We are in the process of concluding a final agreement with Pentland Homes, to transfer the land to us in order for us to progress. However, we are aware that housing developments within the Canterbury area are being affected by concerns about water quality at Stodmarsh Nature Reserve near Canterbury. Natural England, who advise the Government, has issued guidance that has paused planned construction across many parts of east Kent as experts try and find and deliver approaches that will minimise the impact of housing developments on water quality at sites such as the Stodmarsh Nature Reserve. We anticipate that this will delay the project further, potentially by up to 2 years and as a result we are currently looking at our contingency options.

Canterbury New Build – Capital Appeal

In support of the new build, Pilgrims Hospices' Income Generation Team will be undertaking a capital appeal to raise in excess of £2 million to fund the fit-out costs of the new build. When the capital appeal is launched, it is expected that it will run for a period of 3 years.

Thanet Hospice Refurbishment

Prior to the pandemic, Pilgrims was planning a large-scale refurbishment of our Thanet hospice. This project was put on hold due to the COVID-19 pandemic and is now expected to take place following the completion of the Canterbury New Build.

In the medium-term, the refurbishment work is still important, as the building is nearly 30 years old and has the layout and features of a typical NHS facility. The demand for Pilgrims' services is continuing to grow and the type of care required has continued to change. Learning has also been taken from the COVID-19 pandemic, which has resulted in radical changes in operational best practice, and which will be incorporated into a refurbishment.

Recognising that a full refurbishment may still be some way off, the charity has committed funds in the short term to improve the environment for patients, carers, visitors, staff and volunteers.

During 2022-23 work commenced on an 18 month project to improve our Thanet hospice. Three projects were completed in 2022-23 and a further three will be completed in 2023-24. These are already making a significant difference to the patient and visitor experience on the site.

STRUCTURE & GOVERNANCE

Pilgrims Hospices is governed by a Board of Trustees numbering not less than five and not more than eighteen. As at 31 March 2023 there were nine trustees, following the appointment of Dr Peter Biggs and the resignation of Philip Bradshaw in September 2022. The Board of Trustees governs in accordance with the Articles of Association and Trustees bring relevant experience and skill sets from a variety of sectors, as determined by a regular skills audit, from which recruitment is driven. Over the period of this report, the sectors include, for example, clinical, business and legal experience

New Trustees are appointed initially by the Board following a formal process which includes interviews by the Nominations and Governance Committee and by the Chair leading to a recommendation by the sub-committee to the full Board. Applicants are sought from publicly advertised vacancies. Successful applicants are subject to election by the Members at the next Annual General Meeting following their appointment. Procedures are in place and regularly reviewed for Trustee induction and development. Trustees are required to complete mandatory training and a full induction to the charity is given to new trustees on and shortly following their

appointment.

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 2 years.

The Board normally meets four times a year to review strategy and performance and is supported in its work by a number of 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 continues 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.

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 (thinking partners), who are not trustees, co-opted from outside the charity. Members of the Executive Management Team also attend committee meetings relevant to their professional area of expertise. 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 and each Committee identifies areas for consideration by other committees thus ensuring no Committee works in isolation.

The Finance 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 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 before referring them to the Board for approval, as well as monitoring risks relating to Pilgrims' income generating activities.

The Clinical Assurance Committee, introduced in this reporting year, provides assurance to the Board of Trustees that the Clinical and Nursing and Care Services delivered by Pilgrims Hospices are subject to continual and regular review and improvement, and that the safety and care of the patients is a priority for all staff. The Committee monitors and reviews matters of escalated clinical governance and quality assurance activity and processes. It explores learning outcomes and opportunities and ensures adequate assurance on the implementation of key control and action plans in response to trends and anomalies in data reporting. The Committee reports directly to the Board of Trustees on matters as appropriate.

The Quality and Governance Board provides the Board of Trustees 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 Quality and Governance Board 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 in the clinical services and other risk registers. It also advises the Board of Trustees on any significant issues regarding quality, risk or compliance issues. The Quality and Governance Board is also responsible for overseeing matters

relating to information governance. Issues relating to information governance are handled by the Information Governance Group, which reports to the Quality and Governance Board.

The Major Projects Committee considers the current and future real estate requirements of Pilgrims Hospices and progresses the proposed projects in line with the strategy and budget approved by the Board of Trustees. The Committee considers the current and future operational needs of Pilgrims Hospices and how these needs could best be addressed.

The Remuneration and Workforce Committee reviews terms and conditions of employment, sets overall remuneration policy and oversees the development of workforce strategy. The Committee recommends annual pay awards to the Board of Trustees as well as monitoring risks relating to Pilgrims' workforce, recruitment and retention.

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

The Clinical Service Development Committee considers the development of clinical service proposals and service redesigns in line with the charity's agreed clinical strategy. The Committee ensures that any service development takes place in line with Pilgrims' charitable objectives and is sustainable from both a financial and service perspective. The Committee considers the needs of all stakeholders when developing service proposals and monitors risks relating to both service development and the wider Health and Social Care environment.

The Chief Executive and the Executive Management Team have delegated authority to manage the charity's operations on a day to day basis, within the annual budget approved by the Board of Trustees. 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 Executive Management Team meet formally quarterly 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 Executive Management Team and, where relevant, to the Board of Trustees. In addition, there are regular functional specific meetings with 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.

Remuneration

The remuneration of key personnel is reviewed on an annual basis by the Remuneration and Workforce Committee, as part of its review of salary levels across the charity. This review ensures that remuneration is competitive within the charity and healthcare sector. The Committee considers a range of factors including increases in the national cost of living and the position of comparable organisations and wider healthcare and charity sector, as well as the current financial position of Pilgrims Hospices and the affordability of any increase. Every three years Pilgrims Hospices undertakes a full review of the duties, responsibilities, level of expertise and salaries of all posts across the charity. This information is compared with the lower quartile to median salaries of comparable posts for organisations with a similar overall income in the Third sector.

In 2022-23, two separate pay awards were made. Firstly, a fixed percentage to all staff at the beginning of the year, and then a second increase was awarded to clinical staff in October, as a response to pay rates increasing in the NHS (being our primary source of pay benchmarking in the healthcare sector). This reaction to changing benchmarks in the sector has been received favourably by employees.

Following spiralling costs of energy and general cost of living two new initiatives were put in place. A small payment was made to staff commuting to the workplace, to cushion the impact of rising fuel costs and a “trivial benefit” in the form of a gift voucher was awarded to all staff before the Christmas holiday period. Both initiatives received a strong positive response and helped strengthen the feeling of value that Pilgrim puts on its people.

Trustee Responsibilities

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.

Fundraising practices

The Charities (Protection and Social Investment) Act 2016 requires Pilgrims to provide extra information in its annual report about its fundraising activities. In particular, any agreements with professional fundraisers or commercial participators as well as providing information on compliance with voluntary fundraising regulations.

Pilgrims does not use consultant fundraisers to solicit gifts from prospects or donors. All gifts are solicited by Pilgrims Hospices’ Fundraisers who follow guidelines stipulated by the Charity Commission and Fundraising Regulator. The charity is also mindful of the General Data Protection Regulation (GDPR) and has a Privacy Policy and a named Data Protection Officer. Pilgrims uses a Customer Relationship Management (CRM) system to record all donations to ensure appropriate levels of communication are maintained. Fundraising activities are monitored by a team of managers, the Director of Income Generation and Marketing, the Chief Executive Officer, The Income Generation Committee and the Board of Trustees.

Pilgrims is committed to following the highest standards and to ensuring a quality supporter experience. The charity has detailed procedures in place that in many cases go beyond the minimum requirements for the sector and against which the organisation regularly monitors its performance.

Some fundraising activity is conducted on behalf of the charity by carefully selected fundraising agencies. Pilgrims occasionally works with agencies to telephone existing supporters to talk to them about their donation and, on some occasions, to ask for a further donation. Pilgrims works very closely with its agencies to make sure they represent our work and our organisation to the highest standards.

During the year there were no incidences of non-compliance with fundraising and voluntary regulations set by the Fundraising Regulator. Pilgrims Hospices Complaints Register recorded two complaints from the general public, in relation to its income generation activities, both complaints were resolved satisfactorily.

Business relationships with suppliers

Having good business relationships helps to ensure the smooth running of the charity and Pilgrims is committed to establishing fair working practices with all suppliers, whilst delivering best value for the beneficiaries of the charity. The charity regularly reviews contracts with key suppliers and their performance in delivering the purchased goods and services. Payment terms are agreed with all business partners and where appropriate Service Level Agreements (SLA) are used. Pilgrims' Retail staff and volunteers are provided with training in customer service, handling complaints, and how to deal with difficult situations to assist them in providing the best service possible to customers. Refunds are provided for all goods returned within 14 days in the same condition as when sold, no matter what the reason for return. The charity recognises that sometimes things go wrong and Pilgrims Hospices has established a Complaints Policy for use by any individual about any aspects of the charity's services or work (for example staff, volunteers, patients, carers or members of the public). The policy is governed by a process which ensures all complaints are reviewed and addressed appropriately which is also published on the Pilgrims Hospices website.

ENVIRONMENT

Pilgrims Hospices recognises that the protection of the natural environment and establishing an environmentally sustainable model of operation is essential to the long-term welfare of the charity's beneficiaries and the wider community. Pilgrims is committed to minimising its impact on the environment, including through reducing energy consumption, maximising opportunities for recycling and making sustainable procurement decisions.

In addition to environmental benefits, increasingly sustainability provides direct and indirect financial benefits, primarily through reduced costs, but also through an increased and positive reputation.

In 2022-23 we introduced our first Environmental & Sustainability Strategy to support our policy.

The 3 main pillars of the strategy are:-

- Energy & Water Management
- Waste Management
- Travel Management

These pillars are supported by two key foundations – the culture of our staff and volunteers and the investment that may be required to deliver the strategy.

Sustainable Energy

At the end of 2022-23 we undertook a project to install 116 solar panels at our Ashford Hospice site. The cost of this project was funded by two extremely generous donations.

This was our first sustainable energy project. It is anticipated that this project will provide around 20% of the Ashford hospice's electricity usage and will save 10.43 tonnes of CO2 emissions. This is equivalent to planting 479 trees a year for the duration of the 25 year life span of the solar panel system.

As part of our Environmental & Sustainability strategy we will continue to look for other

opportunities to expand our use of sustainable energy.

Energy

Pilgrims uses energy in the form of gas, electricity and fuel for vehicles. Much of the charity's energy consumption relates directly to activity, and therefore overall levels of energy use have historically trended up as the overall level of activity the organisation undertakes has increased. However, the charity is working to mitigate the impact of increased activity through investments in energy efficiency such as sustainable energy projects, LED lighting and insulation, as well as encouraging the adoption of energy-conscious behaviours, such as vehicle sharing.

Reducing Waste

Pilgrims Hospices has comprehensive waste management contracts which ensure that the charity can maximise the volume of waste material which can be recycled, limiting material that ends up in landfill or incineration.

In addition to general waste management, specific recycling programmes have been put in place for both metal and used cooking oil, which see these materials sold for re-processing. In addition to being environmentally sustainable, these programmes are also income generative, realising funds to support the charity.

The organisation's extensive network of charity shops also support sustainability locally, providing an avenue for local residents to donate their unwanted personal possessions, diverting many of these items from household waste streams.

Streamlined Energy & Carbon Reporting:

The Streamlined Energy and Carbon Reporting Regulations require Pilgrims to make the following disclosures in relation to energy consumption.

2022-23 is the fourth year that the charity has collected this data and the below table provides a comparison to the 2021-22 data. This comparison shows an overall increase in energy usage for 2022-23, however, this largely reflects the increase in activity following the end of COVID restrictions as anticipated.

It should be noted that during the year we took on another retail outlet, Store50 in Canterbury, which is partly the cause for the increased electricity usage during the period.

While some opportunities do exist to reduce energy use and drive energy efficiency, these are limited. Specifically, the sites which would benefit most from investment in energy are sites where such investment is not commercially viable, including or shops which are occupied on short-term leases and where Pilgrims is not responsible for the fabric of the building. It is also anticipated that developments across the organisation may increase overall energy during the medium-term, including an increase in community-based clinical activity, and continued expansion of the retail logistics division.

The organisation achieved Phase Two ESOS compliance in December 2019 and has taken significant steps towards reducing energy use. The ESOS Phase Three assessments are planned for 2023-24 and we plan to expand this assessment approach by completing Net-Zero audits at our hospice sites not directly assessed through ESOS.

Energy usage in 2022-23 and comparison to 2021-22

Measure	2022-23	2021-2022	% Change
Gas Usage CO2e	329,380.5	351,846.6	-6.39%
Gas use intensity KWh per m2	214.9	229.6	-6.39%
Gas use intensity CO2e per m2	39.6	42.3	-6.39%
Electricity usage CO2e	189,111.3	172,435.5	9.67%
Electricity use intensity KWh per m2	86.4	79.9	8.10%
Electricity use intensity CO2e per m2	18.3	17.0	7.85%
Travel Data CO2e	115,484.0	102,877.0	12.25%

Notes on Preparation:

The above data includes all Scope One and Two emissions as defined by the Greenhouse Gas Protocol. Scope Three emissions relate to emissions generated by third parties, are largely beyond Pilgrims Hospices' control and sit outside of the SECR requirements, and as such have not been included in the above figures.

Greenhouse gas (GHG) emissions have been calculated using the 2022 UK DEFRA condensed carbon conversion factors dataset and emissions are presented in CO2e (Carbon Dioxide Equivalent). For buildings, an energy intensity metric of kWh per m2 has been identified as the most appropriate measure, using data from annual energy bills. When calculating intensity ratios for gas, only premises with an installed gas supply were included when calculating the total square metres used.

The above reported figures do not include usage for premises where the organisation has service agreements and/or is not charged for energy usage as a tenant due to a lack of access to this data.

For electricity, full year CO2e figures for each individual supply were not available. Pilgrims therefore used the 2022 average energy supplied in the UK according to the 2022 UK DEFRA condensed carbon conversion factors dataset.

Information regarding the size or type of fuel used in employees' personal vehicles is not available. CO2e has therefore been calculated for claimed mileage based on the 2022 UK DEFRA condensed carbon conversion factors dataset, using the "average" personal vehicle and "unknown" fuel types.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees regularly assess the risks and uncertainties to which the charity is exposed. The approach to risk is in accordance with a Risk Management Policy. 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 Board of Trustees reviews the risk register at their quarterly meetings.

The risk register is reviewed quarterly at a meeting of the Executive 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.

The risk register captures and categorises the risks across five broad areas of Pilgrims' activities namely, governance, operational, financial, external and environmental. The overriding risk to Pilgrims is the inability to deliver its mission statement, but this risk will have causal risks arising in

the five areas noted above.

Financial risk includes 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. At the time of writing, the key financial risk was in securing adequate levels of statutory income. Pilgrims maintains a strong relationship with the NHS to secure the continuance of the grant, and is in discussions with Commissioners, along with other local area hospices, to determine an appropriate level of funding apportioned to those providing end of life care, in line with Commissioning Frameworks. However, although there has been regular engagement with Commissioners during 2022-23, until the structures to form the new Integrated Care System are fully in place, Commissioners have not been able to confirm funding arrangements for future years beyond 2023-24.

Operational risks at this time include the difficulties in being able to recruit and retain suitably qualified staff and volunteers and this particular risk is also faced by many parts of Health and Social Care. Currently Pilgrims has a near full complement of clinical and support staff. There are however continued challenges in recruiting Consultant grade doctors and specialist registered nurses, reflecting 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.

Workforce risks have a knock-on effect on other operational risks, in that they impact on the provision of appropriate, safe levels of staffing and also on health and safety practices more generally. For the time being there are no concerns over safe staffing levels but the Board and the Executive Management Team continue to monitor the situation.

The heightened threat from cyber-attacks means that cyber security and the maintenance of secure IT services is now a ubiquitous risk in the risk register.

As work progresses on the project to build a new hospice at Canterbury, risks relating to this project are now beginning to feature more prominently in the risk register.

RELATED PARTIES AND RELATIONSHIPS WITH OTHER ORGANISATIONS

None of the Trustees receive remuneration or other benefit from their work with the charity. Trustees are able to claim any reasonable out-of-pocket expenses, incurred in the course of conducting the charity's business.

Trustees and senior managers are required to declare any interests that they may have outside of the charity. Transactions and contractual relationships with related parties must be disclosed.

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 K Warden) is now a dormant company.

Pilgrims Hospice Lottery Limited (No. 3130167, director K Warden) is now a dormant company.

Pilgrims Hospices Trading Limited (No. 07993259, director K Warden) 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.

The charity is registered with a number of regulatory bodies, including the Charity Commission, Care Quality Commission, Fundraising Regulator, Gambling Commission and Information Commissioner's Office.

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

FINANCIAL REVIEW

The Statement of Financial Activities for the year is set out on page 31 of the financial statements. A summary of the financial results and the work of the charity is set out below. Note 22, which supports the Statement of Financial Activities on pages 58 to 60, shows how funds have been received and applied during the year.

During the year under review, the net movement in funds was a surplus of £912,000 after investment losses of £313,000, compared to a surplus of £6,710,000, after investment gains of £589,000, in the previous year.

Our income generation activities from donations and legacies raised £4,744,000 (2021-22: £8,920,000) representing a decrease of £4,176,000 compared to 2021-22, however, the prior year benefitted from a significant donation of £4 million, which the Board has designated as funding towards the building of a new Canterbury hospice. The result in 2022-23 is nonetheless a notable achievement from the Pilgrims fundraising teams and includes three significant donations of £250,000.

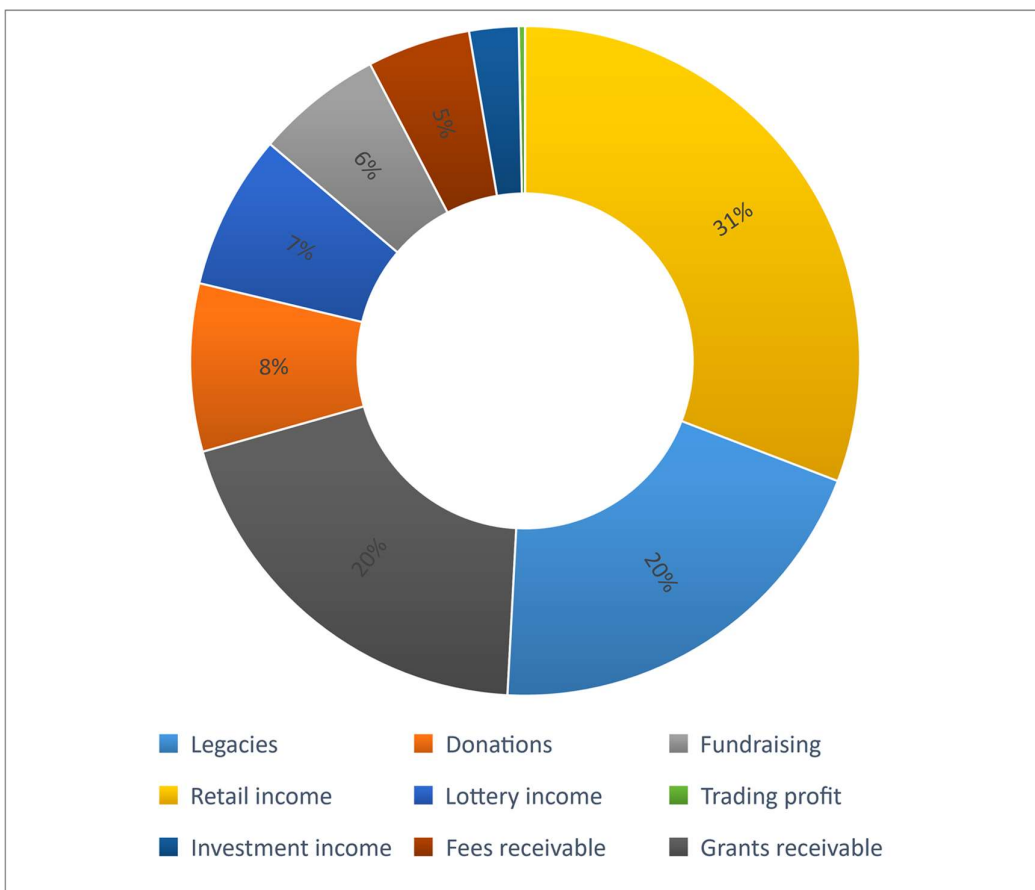
Legacy income was over £3.3 million for the year. This was £400k lower than the figure for 2021-22, but nonetheless a very good result and well above average annual legacy income earned pre-pandemic.

The Retail operation, as mentioned above, (excluding the trading subsidiary) has performed exceptionally well during 2022-23. The operation delivered a profit of £2.3 million on income of £5.1 million compared to net profit of £2 million on income of £4.5 million in the previous year. This was an exceptional result in the face of continued difficult trading conditions in the high street.

The Lottery remained strong with a turnover of just over £1.2 million and produced a net profit of over £740,000. Expenditure decreased by over £100,000 in 2022-23 mainly as a result of a national shortage of canvassers to recruit new Lottery players.

The grant from the local NHS Integrated Care Board (ICB) under a service funding agreement amounted to £3.3 million, approximately 20% of total running costs. This included additional funding from the ICB in the first quarter of the year in order to keep open additional beds at the Thanet hospice. From December 2022 onwards, some further funding was provided by the ICB for additional beds at the Thanet and Ashford hospices, under a winter beds arrangements to free up capacity in the local hospitals.

Set out below is a chart showing how diverse our sources of income are, but also demonstrating that in 2022-23 retail income comprised the largest percentage.



Overall expenditure rose by 8.7 %, from £14,267,000 to £15,515,000. The increase was in the main the result of service levels increasing back to pre-COVID rates and increases in clinical staffing costs to keep in step with NHS rates introduced in the year, as well as implementing one-off rises to assist staff with cost of living increases.

The investment portfolio received a further £1 million of investment in the year, but overall experienced an unrealised loss of £487,000, as a result of concerns in world markets about the continuation of the war in Ukraine and the impact of persistently high inflation on the global economy. There was an additional investment property recognised in the year, arising from the conversion of shop space to a flat above the Pilgrims shop in Birchington.

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 £11,100,000 per year, just under two thirds of which has to be derived from voluntary sources;
- over 85% 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 £4,000,000 and accordingly we need to generate approximately £15,500,000 per year, in a normal year.

The charity has the following categories of reserves:

Designated Reserves

'Fixed assets fund' holds the fixed assets used by Pilgrims to provide the facilities for the patients, their families and carers. Designated reserves include the Canterbury Hospice Fund, which was been set up in 2021-22 as a fund into which was placed a donation of £4 million from Pentland Homes and the Tory Foundation. Trustees have designated this donation as funding with which to design and build a new hospice in Thanington. Other income funds raised specifically for the project will also be allocated to this fund.

Restricted Reserves

These are reserves only available for expenditure in accordance with the donor's directions.

Revaluation Reserves

These represent the accumulated gains in revaluation of investment properties.

Free Reserves

These are retained by the Trustees to give assurance to those who use Pilgrims' services 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. Liquid free reserves at 31 March 2023 stood at £14.6 million (2022: £13,500,000) which includes £8,471,000 (2022: £7,913,000) invested in quoted investments but excludes designated funds and £4,300,000 (2022: £4,100,000) in investment properties. The Trustees have agreed that the total of free reserves, i.e. those that are not used in the day to day operation of the charity, must not be less than £7,700,000, sufficient to cover around six months operating expenditure and in the light of the uncertainties as a result of the pandemic, the Trustees consider this level of reserves to be appropriate.

The Trustees recognise that the actual level of free reserves carried to date is significantly higher than the agreed minimum. However, they consider that in the present circumstances of a difficult economic climate, with soaring energy costs and a persistently high inflation rate, together with uncertainty over the level of funding Pilgrims can expect from the Integrated Care Board and at the point the charity is about to embark on a major capital project, maintaining a sizeable level of free reserves is prudent and necessary in order to be certain that Pilgrims can maintain a high standard of patient care.

INVESTMENT POLICY AND PERFORMANCE

At the end of the year there was £10,903,000 (2022: £9,528,000) available in cash and near cash, (in the form of short terms investments), as well as a high level of debtors which are monitored; at current financial levels of expenditure the charity requires on average around £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. They also acknowledge that investments should look to take into account, where possible, social, environmental and ethical considerations. For this reason the Trustees have stipulated that there should be no direct investment in tobacco manufacture and armaments production.

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 £4,300,000, a surplus of £2.8 million over acquisition value, is an accurate reflection of their market value as at 31 March 2023.

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 2023 the weighted net return on the portfolio was a negative 5.2%, compared to a return of 2.9% for the 12 months to 31 March 2022. This result was 2% behind the portfolio benchmark, which returned a negative 3.2%. However, the benchmark result does not include the cost of investing in its return figures. Furthermore, an ESG (environmental, social and governance) screen was in place on a large part of the Pilgrims portfolio, which made the portfolio underweight in sectors that outperformed in the year compared to the benchmark – the underweight positioning in oil stocks in particular.

The portfolio lost value from February 2022 onwards prompted by the concerns over rising inflation, brought about by COVID-19 related impacts such as supply chain problems. Commencement of the war in Ukraine fuelled these concerns. The war drove energy prices higher, with sanctions imposed on Russia and contributed to rising food prices, due to decreased wheat supplies from Ukraine. Counterintuitively, continued strong employment figures across the globe were taken negatively as it added to fears that inflation would remain entrenched.

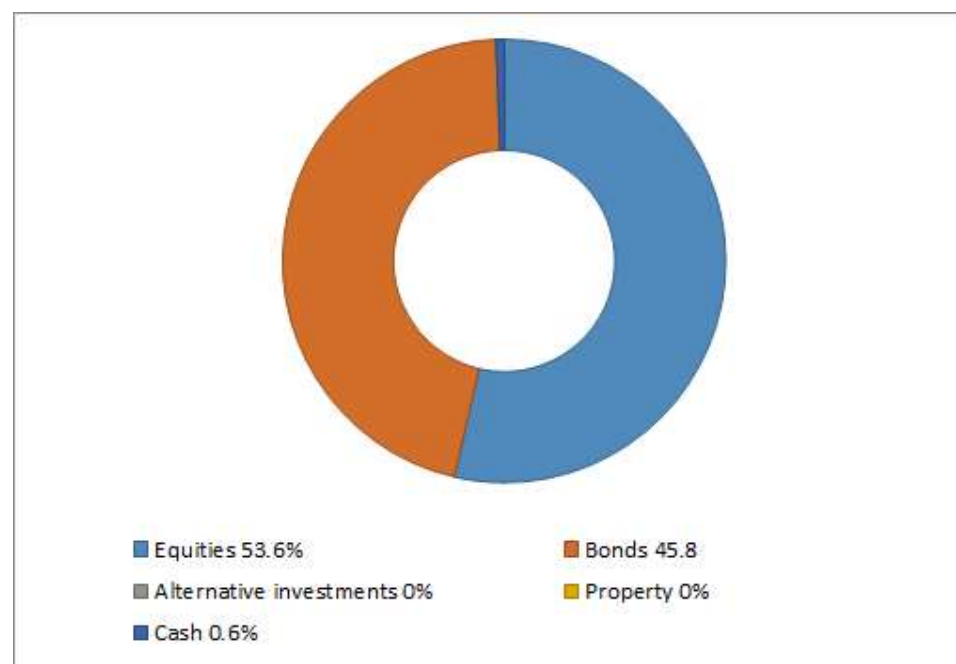
Central Banks in the US, UK and Europe raised interest rates rapidly to try and temper inflation, with sticky economic indicators causing outlook uncertainty. Markets did not respond well to this uncertainty. In particular, the bond market struggled during the year, as yields rose to levels not seen in over a decade. The government bond component of the portfolio was diversified away from solely UK exposure to G7 Government bonds during the year. This helped reduce losses, with US Treasuries faring better than UK Gilts, as the US seemingly had better control over inflation.

Equities also had a tough year, but diversification in the portfolio saved it from further losses, as the tech-heavy S&P500 fell almost 20% in 2022, whilst the FTSE 100 ended roughly flat for the year, with the portfolio having 20% weighting to the UK. The exposure to equities in the portfolio, being in a balanced mandate, helped performance during the year.

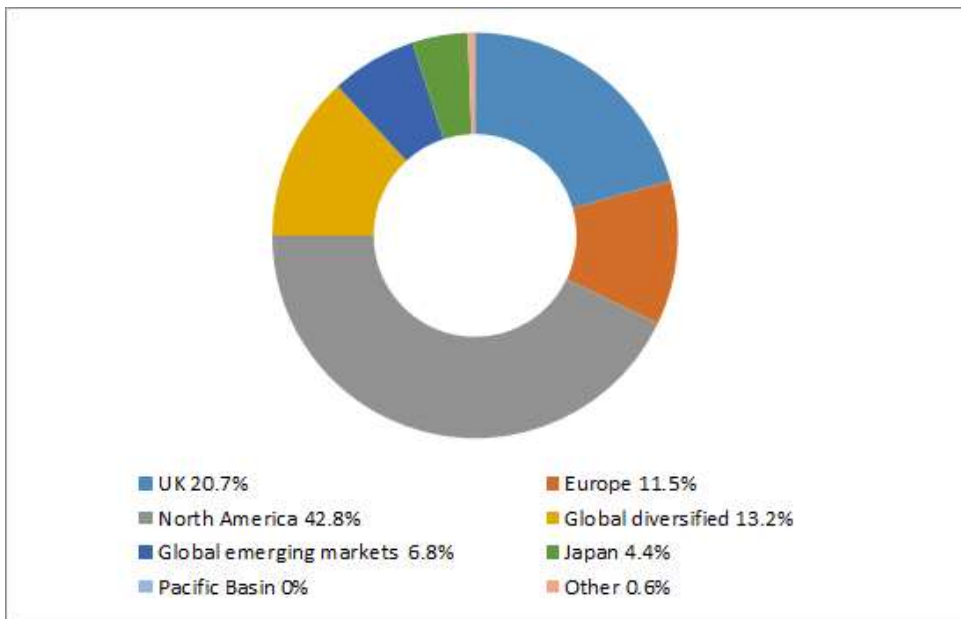
In October Pilgrims invested a further £1 million in the portfolio following advice from Coutts, as a means of reducing the impact of inflation on its reserves. It also invested £5 million of cash reserves in NatWest money market accounts.

The asset distribution of the investment portfolio as at 31 March 2023 is set out below:

Asset class distribution



Geographic distribution



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 each 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 26 September 2023 and signed on behalf of the company by:

Karen Warden
Chair

Pilgrims Hospices In East Kent

Statement of Trustees' responsibilities For the year ended 31 March 2023

The Trustees (who are also the directors of the Company for the purposes of company law) are responsible for preparing the Trustees' report including the Strategic report and the 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. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Pilgrims Hospices in East Kent

Independent auditor's report to the members of Pilgrims Hospices in East Kent

Opinion

We have audited the financial statements of Pilgrims Hospices in East Kent (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2023 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2023 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

Basis for opinion

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

Conclusions relating to going concern

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

Pilgrims Hospices in East Kent

Independent auditor's report to the members of Pilgrims Hospices in East Kent

Conclusions relating to going concern (continued)

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

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

Other Information

The other information comprises the information included in the trustees' annual report, including the strategic report, other than the group financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the group financial statements does not cover the other information, and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the group financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the trustees' annual report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report, including the strategic report, has been prepared in accordance with applicable legal requirements

Pilgrims Hospices in East Kent

Independent auditor's report to the members of Pilgrims Hospices in East Kent

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report, including the strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

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

In preparing the financial statements, the trustees are responsible for assessing the group's and 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.

Pilgrims Hospices in East Kent

Independent auditor's report to the members of Pilgrims Hospices in East Kent

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the finance committee, which included obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the group operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the group from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.

Pilgrims Hospices in East Kent

Independent auditor's report to the members of Pilgrims Hospices in East Kent

Capability of the audit in detecting irregularities (continued)

- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joanna Pittman (Senior statutory auditor)

10 October 2023

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Pilgrims Hospices In East Kent

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

	Note	Restricted funds 2023 £000	Unrestricted funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Income from:					
Donations and legacies	3	1,550	3,195	4,745	8,920
Charitable activities	4	4	4,118	4,122	4,450
Other trading activities	5	-	7,477	7,477	6,710
Investments	6	-	396	396	308
Total income		1,554	15,186	16,740	20,388
Expenditure on:					
Charitable activities:					
Fundraising costs		-	4,094	4,094	3,832
Investment management		-	52	52	118
Charitable activities		1,511	9,858	11,369	10,317
Total expenditure		1,598	13,917	15,515	14,267
Net (expenditure)/income before net (losses)/gains on investments		(44)	1,269	1,225	6,121
Net (losses)/gains on investments		-	(313)	(313)	589
Net movement in funds		(44)	956	912	6,710
Reconciliation of funds:					
Total funds brought forward		420	30,118	30,538	23,828
Net movement in funds		(44)	956	912	6,710
Total funds carried forward		376	31,074	31,450	30,538

The Consolidated statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 35 to 65 form part of these financial statements.

Consolidated balance sheet
As at 31 March 2023

	Note	2023 £000	2022 £000
Fixed assets			
Tangible assets	14	8,315	8,563
Investments	16	8,521	8,040
Investment property	15	4,319	4,100
		21,155	20,703
Current assets			
Stocks	17	15	14
Debtors	18	3,869	4,327
Investments	19	3,500	-
Cash at bank and in hand		7,403	9,527
		14,787	13,868
Creditors: amounts falling due within one year	20	(4,492)	(4,033)
Net current assets		10,295	9,835
Total net assets		31,450	30,538
Charity funds			
Restricted funds	22	376	420
Unrestricted funds	22	31,074	30,118
Total funds		31,450	30,538

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

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

Karen Warden
Chair
Date: 26 September 2023

The notes on pages 35 to 65 form part of these financial statements.

Company balance sheet
As at 31 March 2023

	Note	2023 £000	2022 £000
Fixed assets			
Tangible assets	14	8,315	8,563
Investments	16	8,521	8,040
Investment property	15	4,319	4,100
		21,155	20,703
Current assets			
Debtors	18	3,877	4,329
Investments	19	3,500	-
Cash at bank and in hand		7,353	9,482
		14,730	13,811
Creditors: amounts falling due within one year	20	(4,484)	(4,024)
Net current assets		10,246	9,787
Total net assets		31,401	30,490
Charity funds			
Restricted funds	22	376	420
Unrestricted funds	22	31,025	30,070
Total funds		31,401	30,490

The Company's net movement in funds for the year was £911,000 (2022 - £6,662,000).

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 26 September 2023 and signed on their behalf by:

Karen Warden
Chair

The notes on pages 35 to 65 form part of these financial statements.

Pilgrims Hospices In East Kent

Consolidated statement of cash flows For the year ended 31 March 2023

	2023 £000	2022 £000
Cash flows from operating activities		
Net cash used in operating activities	2,118	6,247
Cash flows from investing activities		
Dividends, interests and rents from investments	396	308
Purchase of tangible fixed assets	(126)	(129)
Proceeds from sale of investments	4,504	3,786
Purchase of investments	(5,472)	(3,750)
Proceeds from sale of investment property	(45)	-
Net cash (used in)/provided by investing activities	(743)	215
Change in cash and cash equivalents in the year	1,375	6,462
Cash and cash equivalents at the beginning of the year	9,528	3,066
Cash and cash equivalents at the end of the year	10,903	9,528

The notes on pages 35 to 65 form part of these financial statements

Pilgrims Hospices In East Kent

Notes to the financial statements For the year ended 31 March 2023

1. General information

Pilgrims Hospices in East Kent is a charitable company limited by guarantee and is incorporated in England.

The registered office address is 56 London Road, Canterbury, Kent, CT2 8JA.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Transactions and balances between the charity and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two entities are disclosed in the notes of the charity's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

The financial statements are presented in sterling which is the functional currency of the Charity, and are rounded to the nearest thousand.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the Company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis. Transactions and balances between the charity and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two entities are disclosed in the notes of the charity's balance sheet.

A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

2.2 Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

**Notes to the financial statements
For the year ended 31 March 2023**

2. Accounting policies (continued)

2.3 Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Free reserves stand at eleven months of ongoing expenditure. The cash flow forecast and current budget projections indicate that Pilgrims has sufficient funds to finance itself during the next 12 months, from the date of signature of the accounts.

The trustees do not consider that there are any 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 reporting period.

2.4 Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Legacies are reviewed on a case-by-case basis. For pecuniary legacies, entitlement is taken at the earlier of the date on which either: the charity is aware that probate has been granted, and the amount receivable can be measured reliably, and the receipt is probable; or when a distribution is received from the estate. For residuary legacies, entitlement is taken at the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made; or when a distribution is received from the estate. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised. However, the trustees' annual report provides information about Pilgrims' volunteers and the contribution that they make to the charity.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

2.5 Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

**Notes to the financial statements
For the year ended 31 March 2023**

2. Accounting policies (continued)

2.5 Expenditure and irrecoverable VAT (continued)

Costs of raising funds relate to the costs incurred by the charity in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose

Expenditure on charitable activities includes the costs of providing care and educational activities undertaken to further the purposes of the charity and their associated support costs

Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

2.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Group; this is normally upon notification of the interest paid or payable by the bank.

2.7 Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity.

Support costs are the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function.

Fundraising support costs are the support costs directly attributed to the Lottery and Retail departments of the charity.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

Support and governance costs are re-allocated to each of the activities according to the proportion of total direct costs attributable to each of those activities.

	Support	Governance
	%	%
In patient	68	80
Community services	11	13
Counselling	4	4
Information and education	2	3
Governance	15	-

2.8 Tangible fixed assets and depreciation

Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

**Notes to the financial statements
For the year ended 31 March 2023**

2.8 Tangible fixed assets and depreciation (continued)

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life.

The depreciation rates in use are as follows:

Freehold property	- 50 years
Long-term leasehold property	- 50 years
Motor vehicles	- 4 years
Fixtures and fittings	- 4-5 years
Computer equipment	- 5-10 years
Freehold land	- not depreciated

2.9 Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'net gains/(losses) on investments' in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

Investments in subsidiaries are valued at cost less provision for impairment.

Investment properties are measured initially at cost and subsequently included in the balance sheet at fair value. Investment properties are not depreciated. Fair value is determined annually by the Trustees based on advice received. Any change in fair value is recognised in 'net gains/(losses) on investments' in the statement of financial activities. The valuation method used to determine fair value will be stated in the notes to the accounts.

2.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.11 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.12 Cash at bank and in hand

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

Notes to the financial statements

For the year ended 31 March 2023

2.13 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

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 in the Consolidated statement of financial activities as a finance cost.

2.14 Financial instruments

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

2.15 Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

**Notes to the financial statements
For the year ended 31 March 2023
2.16 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.

Baptist Pension Scheme

The Charity also participated 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. During the prior year, the charity exited the Plan and paid off all liabilities owed up to that point.

Further details are provided in Note 28.

NHS Pension

Staff transferring from the NHS may continue to contribute to the NHS scheme.

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

i) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2022, is based on valuation data as 31 March 2021, updated to 31 March 2022 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

**Notes to the financial statements
For the year ended 31 March 2023
2.16 Pensions (continued)**

ii) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay.

The 2016 funding valuation also tested the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. There was initially a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

HMT published valuation directions dated 7 October 2021 (see Amending Directions 2021) that set out the technical detail of how the costs of remedy are included in the 2016 valuation process. Following these directions, the scheme actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme, which concludes no changes to benefits or member contributions are required. The 2016 valuation reports can be found on the NHS Pensions website at <https://www.nhsbsa.nhs.uk/nhs-pension-scheme/accounts-and-valuation-reports>.

2.17 Fund accounting

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Restricted funds are to be used for specific purposes as laid down by the donor, or where donations are received in response to fundraising by the Charity for particular purposes. Expenditure which meets these criteria is charged to the fund.

Investment income, gains and losses are allocated to the appropriate fund.

Pilgrims Hospices In East Kent

Notes to the financial statements For the year ended 31 March 2023

3. Income from donations and legacies

	Restricted funds 2023 £000	Unrestricted funds 2023 £000	Total funds 2023 £000
Donations	187	1,229	1,416
Legacies	1,363	1,966	3,329
	1,550	3,195	4,745

	Restricted funds 2022 £000	Unrestricted funds 2022 £000	Total funds 2022 £000
Donations	132	5,082	5,214
Legacies	1,830	1,876	3,706
	1,962	6,958	8,920

At the balance sheet date, Pilgrims had received notice of £750,300 (2022: £568,000) of reversionary legacies which may become receivable in the future. These legacies are gifts of money or assets which only take effect subject to the prior right of a named person or persons to receive the benefit of those monies or assets, or income produced by them, during the person or persons lifetime. The gift then passes absolutely to Pilgrims as the “reversionary beneficiary” on the death of the named person or persons.

Besides these reversionary legacies, there was potential legacy income to a value of £3,722,924 (£1,085,771 in 2021-22, restated from £739,590) from legacies that were pending confirmation of probate or awaiting receipt of the estate accounts. The reason for the substantial increase in the potential legacy income figure for 2022-23, compared to the prior year, is that Pilgrims changed the way it recorded these legacies, where in the past the potential bequest value was not always recorded. Potential bequest values are now recorded consistently where they are known.

4. Income from charitable activities

	Restricted funds 2023 £000	Unrestricted funds 2023 £000	Total funds 2023 £000
Grants receivable	4	3,289	3,293
Fees receivable	-	829	829
	4	4,118	4,122

Pilgrims Hospices In East Kent

Notes to the financial statements For the year ended 31 March 2023

4. Income from charitable activities (continued)

	Restricted funds 2022 £000	Unrestricted funds 2022 £000	Total funds 2022 £000
Grants receivable	807	3,108	3,915
Fees receivable	-	535	535
	<u>807</u>	<u>3,643</u>	<u>4,450</u>

Included above in grants receivable is a Local Health Authority Grant from the local NHS Integrated Care Board (ICB) awarded under a service funding agreement for the provision of specialist palliative and Hospice at Home care.

NHS England (NHSE) awarded funding (distributed via Hospice UK) to allow the hospice to make available bed capacity and community support from December 2021 to March 2022, to provide support to people with complex needs as a result of the continuing COVID-19 pandemic and specifically during the surge in infections caused by the Omicron variant.

5. Income from other trading activities

Income from fundraising events

	Unrestricted funds 2023 £000	Total funds 2023 £000
General fundraising	53	53
Proceeds of events	967	967
Income from Retail	5,133	5,133
Income from Lottery	1,246	1,246
	<u>7,399</u>	<u>7,399</u>

	Unrestricted funds 2022 £000	Total funds 2022 £000
General fundraising	132	132
Proceeds of events	861	861
Income from Retail	4,469	4,469
Income from Lottery	1,186	1,186
	<u>6,648</u>	<u>6,648</u>

Pilgrims Hospices In East Kent

Notes to the financial statements For the year ended 31 March 2023

5. Income from other trading activities (continued)

Income from fundraising events (continued)

Income from non charitable trading activities

	Unrestricted funds 2023 £000	Total funds 2023 £000
Trading sales	78	78

	Unrestricted funds 2022 £000	Total funds 2022 £000
Trading sales	62	62

6. Investment income

	Unrestricted funds 2023 £000	Total funds 2023 £000
Investment properties	210	210
Listed investments	99	99
Interest receivable on cash deposits	87	87
	396	396

	Unrestricted funds 2022 £000	Total funds 2022 £000
Investment properties	186	186
Listed investments	122	122
	308	308

Pilgrims Hospices in East Kent

**Notes to the financial statements
For the year ended 31 March 2023**

7a Analysis of expenditure (current year)

	Charitable activities							
	Fundraising costs £'000	Investment management £'000	In-patient £'000	Community services £'000	Counselling £'000	Information and education £'000	2023 Total £'000	2022 Total £'000
Direct costs								
Staff costs (note 10)	550	-	6,045	1,450	315	80	8,440	7,777
Staff agency costs	-	-	244	-	-	-	244	191
Food	-	-	110	-	-	-	110	70
Medical supplies	-	-	90	-	-	-	90	132
Laundry and cleaning	-	-	86	-	-	-	86	84
Heat, light and water	-	-	170	-	-	-	170	146
Repairs and maintenance	-	-	330	-	-	-	330	247
Postage, printing and stationery	143	-	22	-	-	-	165	102
Recruitment advertising and fees	-	-	-	-	-	-	-	-
Telephone	-	-	10	37	-	-	47	50
Insurance	-	-	-	-	-	-	-	-
Travel	-	-	106	34	1	4	145	152
Course fees and expenses	-	-	-	-	-	67	67	62
Professional books and journals	-	-	-	-	-	-	-	1
Costs of education centre	-	-	-	-	-	21	21	7
Prizes	216	-	-	-	-	-	216	212
Other costs	258	-	96	2	-	-	356	428
Trading company costs of sales	23	-	-	-	-	-	23	14
Publicity	7	-	-	-	-	-	7	8
Event costs	-	-	-	-	-	-	-	-
Investment property costs	-	18	-	-	-	-	18	82
Investment management fees	-	34	-	-	-	-	34	36
Depreciation	-	-	318	-	-	-	318	309
	1,197	52	7,627	1,523	316	172	10,887	10,110
Support costs (note 8a)	2,897	-	1,161	232	48	26	4,364	3,904
Governance costs (note 8a)	-	-	208	42	9	5	264	253
Total charity expenditure 2023	4,094	52	8,996	1,797	373	203	15,515	
Total charity expenditure 2022	3,832	118	8,253	1,358	457	249		14,267

Pilgrims Hospices in East Kent

**Notes to the financial statements
For the year ended 31 March 2023**

7b Analysis of expenditure (prior year)

	Charitable activities						
	Fundraising costs £'000	Investment management £'000	In-patient £'000	Community services £'000	Counselling £'000	Information and education £'000	2022 Total £'000
Direct costs							
Staff costs (note 10)	577	-	5,605	1,077	378	140	7,777
Staff agency costs	-	-	191	-	-	-	191
Food	-	-	70	-	-	-	70
Medical supplies	-	-	132	-	-	-	132
Laundry and cleaning	-	-	84	-	-	-	84
Heat, light and water	-	-	146	-	-	-	146
Repairs and maintenance	-	-	247	-	-	-	247
Postage, printing and stationery	84	-	18	-	-	-	102
Recruitment advertising and fees	-	-	-	-	-	-	-
Telephone	-	-	10	40	-	-	50
Insurance	-	-	-	-	-	-	-
Travel	-	-	116	33	1	2	152
Course fees and expenses	-	-	-	-	-	62	62
Professional books and journals	-	-	-	-	-	1	1
Costs of education centre	-	-	-	-	-	7	7
Prizes	212	-	-	-	-	-	212
Other costs	343	-	75	2	8	-	428
Trading company costs of sales	14	-	-	-	-	-	14
Publicity	8	-	-	-	-	-	8
Event costs	-	-	-	-	-	-	-
Investment property costs	-	82	-	-	-	-	82
Investment management fees	-	36	-	-	-	-	36
Depreciation	-	-	309	-	-	-	309
	1,238	118	7,003	1,152	387	212	10,110
Support costs (note 8a)	2,594	-	1,047	173	59	31	3,904
Governance costs (note 8a)	-	-	203	33	11	6	253
Total charity expenditure 2022	3,832	118	8,253	1,358	457	249	14,267

Pilgrims Hospices in East Kent

Notes to the financial statements
For the year ended 31 March 2023

8a Support and governance costs (current year)

	Charitable activities								
	Fundraising costs £'000	In-patient £'000	Community services £'000	Counselling £'000	Information and education £'000	Governance £'000	2023 Total £'000	2022	Total £'000
Staff costs	1,389	744	149	31	17	169	2,499		2,257
Staff agency costs	254	-	-	-	-	-	254		248
Repairs and maintenance	84	-	-	-	-	-	84		121
Postage, print and stationery	-	9	2	-	-	2	13		16
Telephone	-	-	-	-	-	-	-		-
Travel	-	-	-	-	-	-	-		-
Occupational health	-	-	-	-	-	-	-		-
Life assurance	-	11	2	-	-	2	15		24
Computer costs	-	131	26	5	3	30	195		195
Bank charges	-	22	4	1	-	5	32		34
Auditors' remuneration	32	-	-	-	-	-	32		27
Professional and consultancy fees	-	122	24	5	3	28	182		29
Other shops and lottery costs	607	-	-	-	-	-	607		520
Rent and rates	530	-	-	-	-	-	530		520
Partial exemption adjustment	-	16	3	1	-	4	24		18
Sundry	-	106	22	5	3	24	160		147
Depreciation	1	-	-	-	-	-	1		2
	2,897	1,161	232	48	26	264	4,628		4,158
Allocation of governance	-	208	42	9	5	(264)			
Total support and governance expenditure 2023	2,897	1,369	274	57	31	-			

Pilgrims Hospices in East Kent

**Notes to the financial statements
For the year ended 31 March 2023**

8b Support and governance costs (prior year)

	Charitable activities						
	Fundraising costs £'000	In-patient £'000	Community services £'000	Counselling £'000	Information and education £'000	Governance £'000	2022 Total £'000
Staff costs	1,197	721	119	40	22	158	2,257
Staff agency costs	233	10	2	1	-	2	248
Repairs and maintenance	120	1	-	-	-	-	121
Postage, print and stationery	-	11	2	1	-	2	16
Telephone	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Occupational health	-	-	-	-	-	-	-
Life assurance	-	16	3	1	-	4	24
Computer costs	-	133	22	7	4	29	195
Bank charges	-	23	4	1	1	5	34
Auditors' remuneration	2	-	-	-	-	25	27
Professional and consultancy fees	-	20	3	1	1	4	29
Other shops and lottery costs	520	-	-	-	-	-	520
Rent and rates	520	-	-	-	-	-	520
Partial exemption adjustment	-	12	2	1	-	3	18
Sundry	-	100	16	6	3	22	147
Depreciation	2	-	-	-	-	-	2
	2,594	1,047	173	59	31	254	4,158
Allocation of governance	-	203	33	11	6	(253)	
Total expenditure 2022	2,594	1,250	206	70	37	1	

Pilgrims Hospices In East Kent

Notes to the financial statements For the year ended 31 March 2023

9. Auditors' remuneration

	2023 £000	2022 £000
Audit of the charity - current year	27	25
Fees payable to the charity's auditor and its associates in respect of:		
Audit of charity - under/(over) accrual in previous years	-	(1)
Audit of the trading subsidiary	2	2
	=====	=====

10. Net income for the year

This is stated after charging / (crediting):

	2023 £000	2022 £000
Depreciation	288	306
Operating lease rentals - property	489	492
Operating lease rentals - other	84	92
Operating lease rentals receivable - property	(210)	(186)
	=====	=====

11. Staff costs

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Wages and salaries	9,287	8,580	9,287	8,581
Social security costs	873	753	873	753
Contribution to defined contribution pension schemes	779	701	779	701
	=====	=====	=====	=====
	10,939	10,034	10,939	10,035

Pilgrims Hospices In East Kent

Notes to the financial statements For the year ended 31 March 2023

11. Staff costs (continued)

The average number of employees (head count based on number of staff employed) during the year was 361 (2022: 349).

Staff are split across the activities of the charity as follows:

	Group 2023 No.	Group 2022 No.
Fundraising	21	23
Trading	60	54
In-patients	177	189
Community Services	36	33
Counselling	21	22
Information and education	5	4
Administration and support	23	24
	343	349

The average headcount expressed as full-time equivalents based on the activities of the charity was:

	Group 2023 No.	Group 2022 No.
Fundraising	17	19
Trading	55	50
In-patient	149	158
Community services	32	29
Counselling	14	12
Information and education	5	4
Administration and support	23	25
	295	297

Pilgrims Hospices In East Kent

Notes to the financial statements For the year ended 31 March 2023

11. Staff costs (continued)

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2023 No.	Group 2022 No.
In the band £60,001 - £70,000	3	2
In the band £70,001 - £80,000	2	5
In the band £80,001 - £90,000	2	-
In the band £90,001 - £100,000	1	1
In the band £100,001 - £110,000	1	-
In the band £110,001 - £120,000	-	1
In the band £120,001 - £130,000	1	-

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £551,376 (2022: £546,625).

12. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2022 - £NIL).

During the year ended 31 March 2023, expenses totalling £110 were reimbursed or paid directly to 1 Trustee (2022 - £NIL)

13. Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary Pilgrims Hospices Trading Limited distributes under Gift Aid available profits to the parent charity. Its charge to corporation tax at 19% in the year was £Nil (2022: £Nil).

**Notes to the financial statements
For the year ended 31 March 2023**

14. Tangible fixed assets

Group and Company

	Freehold property £000	Long-term leasehold property £000	Motor vehicles £000	Fixtures and fittings £000	Computers and other equipment £000	Total £000
Cost or valuation						
At 1 April 2022	10,505	2,684	54	318	973	14,534
Additions	-	8	36	-	82	126
Disposals	(86)	-	-	-	-	(86)
At 31 March 2023	<u>10,419</u>	<u>2,692</u>	<u>90</u>	<u>318</u>	<u>1,055</u>	<u>14,574</u>
Depreciation						
At 1 April 2022	3,487	1,392	41	300	751	5,971
Charge for the year	124	61	13	7	83	288
At 31 March 2023	<u>3,611</u>	<u>1,453</u>	<u>54</u>	<u>307</u>	<u>834</u>	<u>6,259</u>
Net book value						
At 31 March 2023	<u>6,808</u>	<u>1,239</u>	<u>36</u>	<u>11</u>	<u>221</u>	<u>8,315</u>
At 31 March 2022	<u>7,018</u>	<u>1,292</u>	<u>13</u>	<u>18</u>	<u>222</u>	<u>8,563</u>

Land with a value of £2 million (2022: £2 million) is included within freehold property and not depreciated.

All of the above assets are used for charitable purposes.

**Notes to the financial statements
For the year ended 31 March 2023**

15. Investment property

Group and Company

	Freehold investment property £000
Valuation	
At 1 April 2022	4,100
Additions	45
Surplus on revaluation	174
	<hr/>
At 31 March 2023	4,319 <hr/>

The properties were last valued, as at 31 March 2023, in April 2023 by Rob Bryer, MARLA MNAEA from The Good Estate Agent.

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

16. Fixed asset investments

	Listed investments £000	Other investments £000	Total £000
Group and Company			
Cost or valuation			
At 1 April 2022	7,913	127	8,040
Additions	5,472	-	5,472
Disposals	(4,427)	(77)	(4,504)
Revaluations	(487)	-	(487)
	<hr/>	<hr/>	<hr/>
At 31 March 2023	8,471 <hr/>	50 <hr/>	8,521 <hr/>

Pilgrims Hospices In East Kent

Notes to the financial statements For the year ended 31 March 2023

	2023 £000	2022 £000
Investments comprise:		
Fixed interest	3,902	3,538
Managed funds (equity based)	4,569	4,375
Alternative investment funds	-	-
Cash	50	127
	8,521	8,040

All fixed asset investments are held in the UK.

Principal subsidiaries

The following were subsidiary undertakings of the Company:

Names	Company number	Registered office or principal place of business	Principal activity
Pilgrims Hospices Trading Limited	07993259	56 London Road, Canterbury, Kent, CT2 8JA	Non-primary purpose trading activities
Hospice Shops Limited	01623758	56 London Road, Canterbury, Kent, CT2 8JA	Dormant
Pilgrims Hospice Lottery Limited	03130167	56 London Road, Canterbury, Kent, CT2 8JA	Dormant

Class of shares	Holding
Ordinary	100%
Ordinary	100%
Ordinary	100%

The charity owns 2 ordinary shares of £1 each in Pilgrims Hospices Trading Limited.

The charity owns 3 ordinary shares of £1 each in Hospice Shops Limited.

The charity owns 2 ordinary shares of £1 each in Pilgrims Hospice Lottery Limited.

Pilgrims Hospices In East Kent

Notes to the financial statements For the year ended 31 March 2023

A summary of the results of Pilgrims Hospices Trading Limited is shown below:

	2023 £'000	2022 £'000
Turnover	78	62
Cost of sales	(20)	(14)
Gross profit/(loss)	58	48
Administrative expenses	(4)	(4)
Management charge payable to parent undertaking	(3)	(2)
Profit on ordinary activities	51	42
Taxation on ordinary activities	-	-
Profit for the financial year	51	42
Retained earnings		
Total retained earnings brought forward	48	-
Profit for the financial year	51	42
Distribution under Gift Aid to parent charity	(51)	(42)
Prior year distribution disallowed	-	48
Total retained earnings carried forward	48	48
The aggregate of the assets, liabilities and reserves was:		
Assets	80	63
Liabilities	(32)	(15)
Reserves	48	48

The parent charity's gross income and the results for the year are disclosed as follows:

	2023 £'000	2022 £'000
Gross income	16,662	20,328
Result for the year	861	6,661

17. Stocks

	Group 2023 £000	Group 2022 £000
Finished goods and goods for resale	15	14

Pilgrims Hospices In East Kent

Notes to the financial statements For the year ended 31 March 2023

18. Debtors

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Due within one year				
Trade debtors	3,355	2,992	3,355	2,991
Amounts owed by group undertakings	-	-	15	5
Other debtors	240	487	239	485
Prepayments and accrued income	256	746	250	746
Accrued legacy income	18	102	18	102
	3,869	4,327	3,877	4,329

19. Current asset investments

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Short term deposits	3,500	-	3,500	-

20. Creditors: Amounts falling due within one year

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Trade creditors	434	279	433	273
Other taxation and social security	318	274	318	274
Other creditors	-	236	-	237
Accruals and deferred income	3,740	3,244	3,733	3,240
	4,492	4,033	4,484	4,024

Deferred income comprises NHS grant payments, lottery subscriptions, course fees and fundraising activities taking place in the following year.

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Deferred income at 1 April 2022	3,169	200	3,169	200
Resources deferred during the year	3,480	3,169	3,480	3,169
Amounts released from previous periods	(3,169)	(200)	(3,169)	(200)
	3,480	3,169	3,480	3,169

Pilgrims Hospices In East Kent

Notes to the financial statements For the year ended 31 March 2023

21. Financial instruments

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Financial assets measured at fair value through profit and loss				
Investment properties	4,319	4,100	4,319	4,100
Listed investments	8,521	8,040	8,521	8,040
	12,840	12,140	12,840	12,140

Pilgrims Hospices In East Kent

Notes to the financial statements For the year ended 31 March 2023

22. Statement of funds

Statement of funds - current year

	Balance at 1 April 2022 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 March 2023 £000
Unrestricted funds						
Designated funds						
Fixed asset fund	8,563	-	(288)	40	-	8,315
Canterbury Hospice	4,000	-	(163)	-	-	3,837
	<u>12,563</u>	<u>-</u>	<u>(451)</u>	<u>40</u>	<u>-</u>	<u>12,152</u>
General funds						
General Funds	14,922	15,186	(13,466)	(40)	(487)	16,115
Revaluation reserve	2,633	-	-	-	174	2,807
	<u>17,555</u>	<u>15,186</u>	<u>(13,466)</u>	<u>(40)</u>	<u>(313)</u>	<u>18,922</u>
Total Unrestricted funds	<u>30,118</u>	<u>15,186</u>	<u>(13,917)</u>	<u>-</u>	<u>(313)</u>	<u>31,074</u>
Restricted funds						
Ashford Hospice	97	309	(322)	-	-	84
Bedside funds	8	-	-	-	-	8
Canterbury Hospice	18	778	(775)	-	-	21
Thanet Hospice	11	337	(348)	-	-	-
Sundry projects	286	130	(153)	-	-	263
	<u>420</u>	<u>1,554</u>	<u>(1,598)</u>	<u>-</u>	<u>-</u>	<u>376</u>
Total of funds	<u>30,538</u>	<u>16,740</u>	<u>(15,515)</u>	<u>-</u>	<u>(313)</u>	<u>31,450</u>

Pilgrims Hospices In East Kent

Notes to the financial statements For the year ended 31 March 2023

22. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 April 2021 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 March 2022 £000
Unrestricted funds						
Designated funds						
Fixed asset fund	8,789	-	(283)	57	-	8,563
Canterbury Hospice	-	4,000	-	-	-	4,000
	<u>8,789</u>	<u>4,000</u>	<u>(283)</u>	<u>57</u>	<u>-</u>	<u>12,563</u>
General funds						
General Funds	12,426	13,619	(11,227)	(44)	148	14,922
Revaluation reserve	2,192	-	-	-	441	2,633
	<u>14,618</u>	<u>13,619</u>	<u>(11,227)</u>	<u>(44)</u>	<u>589</u>	<u>17,555</u>
Total Unrestricted funds	<u>23,407</u>	<u>17,619</u>	<u>(11,510)</u>	<u>13</u>	<u>589</u>	<u>30,118</u>
Endowment funds						
Permanent endowment fund	13	-	-	(13)	-	-
Restricted funds						
Ashford Hospice	90	1,019	(1,012)	-	-	97
Bedside funds	8	-	-	-	-	8
Canterbury Hospice	18	948	(948)	-	-	18
Thanet Hospice	11	771	(771)	-	-	11
Hospice at Home	-	1	(1)	-	-	-
Sundry projects	281	30	(25)	-	-	286

Pilgrims Hospices In East Kent

**Notes to the financial statements
For the year ended 31 March 2023**

22. Statement of funds (continued)

Statement of funds - prior year (continued)

	Balance at 1 April 2021 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 March 2022 £000
	408	2,769	(2,757)	-	-	420
Total of funds	23,828	20,388	(14,267)	-	589	30,538

**Notes to the financial statements
For the year ended 31 March 2023**

22. Statement of funds (continued)

Purpose of 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. Given the length of time that had elapsed since the fund was created, the Board considered whether it should be continued with. The Board took advice from the Charity Commission in their review and resolved that the fund should be closed and the balance held in it transferred to the main investment portfolio. The fund was closed in 2021-22.

Purposes of restricted funds

These represent donations, legacies and grants received for specific purposes. Those funds associated with the three hospice sites are for projects to be undertaken for the improvement of patient care at those specific sites.

The **Bedside Fund** provides funding for the upgrade or replacement of items of equipment needed 'at the bedside' across the three hospice sites.

Included in **Sundry projects** is a legacy specifically for the funding of training for health and social care professionals, with a revised programme planned for future years, as well as a grant for a pilot scheme with certain east Kent GP practices to help identify patients that would benefit from early referral to Pilgrims' services and expertise. The projects also include a fund for the employment of a Specialist Nurse who will recruit and train expert volunteers to provide bereavement support to bereaved families across east Kent.

Purposes of 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.

The Canterbury Hospice Fund has been set up as a fund into which has been placed a donation of £4 million from the Pentland Homes and the Tory Foundation which trustees have designated as funding with which to build a new hospice in Thanington. Other income funds raised specifically for the project will also be allocated to this fund.

Revaluation reserve

The revaluation reserves represents the increase in valuation of investment properties above the cost price paid.

23. Summary of funds

Summary of funds - current year

	Balance at 1 April 2022 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 March 2023 £000
Designated funds	12,563	-	(451)	40	-	12,152
General funds	17,555	15,186	(13,466)	(40)	(313)	18,922
Restricted funds	420	1,554	(1,598)	-	-	376
	<u>30,538</u>	<u>16,740</u>	<u>(15,515)</u>	<u>-</u>	<u>(313)</u>	<u>31,450</u>

Pilgrims Hospices In East Kent

Notes to the financial statements For the year ended 31 March 2023

23. Summary of funds (continued)

Summary of funds - prior year

	Balance at 1 April 2021 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 March 2022 £000
Designated funds	8,789	4,000	(283)	57	-	12,563
General funds	14,618	13,619	(11,227)	(44)	589	17,555
Endowment funds	13	-	-	(13)	-	-
Restricted funds	408	2,769	(2,757)	-	-	420
	<u>23,828</u>	<u>20,388</u>	<u>(14,267)</u>	<u>-</u>	<u>589</u>	<u>30,538</u>

24. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Restricted funds 2023 £000	Unrestricted funds 2023 £000	Total funds 2023 £000
Tangible fixed assets	-	8,315	8,315
Fixed asset investments	-	8,521	8,521
Investment property	-	4,319	4,319
Current assets	376	14,411	14,787
Creditors due within one year	-	(4,492)	(4,492)
Total	<u>376</u>	<u>31,074</u>	<u>31,450</u>

Analysis of net assets between funds - prior year

	Endowment funds 2022 £000	Restricted funds 2022 £000	Unrestricted funds 2022 £000	Total funds 2022 £000
Tangible fixed assets	-	-	8,563	8,563
Fixed asset investments	-	-	8,040	8,040
Investment property	-	-	4,100	4,100
Current assets	249	420	13,200	13,869
Creditors due within one year	(248)	-	(3,785)	(4,033)
Total	<u>1</u>	<u>420</u>	<u>30,118</u>	<u>30,539</u>

Notes to the financial statements
For the year ended 31 March 2023

25. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2023 £000	Group 2022 £000
Net income for the year (as per Statement of Financial Activities)	912	6,710
Adjustments for:		
Depreciation charges	288	306
Gains/(losses) on investments	313	(589)
Dividends, interests and rents from investments	(396)	(308)
Loss on the sale of fixed assets	86	-
Increase in stocks	(1)	(1)
Decrease/(increase) in debtors	459	(2,801)
Increase in creditors	457	2,930
Net cash provided by operating activities	2,118	6,247

26. Analysis of cash and cash equivalents

	Group 2023 £000	Group 2022 £000
Cash in hand	10,903	9,528
Total cash and cash equivalents	10,903	9,528

27. Analysis of changes in net debt

	At 1 April 2022 £000	Cash flows £000	At 31 March 2023 £000
Cash at bank and in hand	9,528	(2,125)	7,403
Liquid investments	-	3,500	3,500
	9,528	1,375	10,903

Notes to the financial statements
For the year ended 31 March 2023

28. Pension commitments

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 buy-out 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 Charity had 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 at the time. A provision based on the estimate was made in the accounts as at 31 March 2021 and carried into the new financial year. In the final quarter of 2021-22 Pilgrims withdrew from the Plan and the provision of £35,900 carried into this year was sufficient to clear the outstanding deficit owed by Pilgrims to the Plan at the point of withdrawal.

29. Operating lease commitments payable as a lessee

At 31 March 2023 the Group and the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Land and buildings				
Not later than 1 year	303	241	303	241
Later than 1 year and not later than 5 years	703	460	703	460
Later than 5 years	245	114	245	114
	1,251	815	1,251	815
	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Equipment and vehicles				
Not later than 1 year	50	50	50	50
Later than 1 year and not later than 5 years	90	104	90	104
Later than 5 years	-	-	-	-
	140	154	140	154

Pilgrims Hospices In East Kent

Notes to the financial statements For the year ended 31 March 2023

30. Operating lease commitments receivable as a lessor

The group leases out the investment property under non-cancellable operating leases for the following future minimum lease payments. There are no contingent rents.

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Property				
Less than one year	222	205	222	205
One to five years	-	-	-	-
Over five years	-	-	-	-
	222	205	222	205

31. Related party transactions

During the year, donations amounting to £1,035 (2022: £2,400) were made by trustees to the charity. £907 was received from other related parties, which were outside the normal course of business. There were no restricted donations arising from related parties.

Pilgrims Hospices Trading Limited incurred management charges payable to the Charity of £2,775 (2022: £2,410). In addition, the Charity purchased goods from Pilgrims Hospices Trading of £nil (2022: £nil). Pilgrims Hospices Trading covenanted its profit of £50,607 (2022: £42,348) to the Charity.

32. Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.