

PILGRIMS' FRIEND SOCIETY

FINANCIAL STATEMENTS

FOR THE 6 MONTH PERIOD ENDED

31st March 2017

Charity Registration No. 1045920

Company Registration No. 3027071 (England and Wales)

PILGRIMS' FRIEND SOCIETY

FINANCIAL STATEMENTS

FOR THE 6 MONTH PERIOD ENDED

31st March 2017

Contents

	Page
Legal and Administrative Information	1
Trustee report	2-11
Statement of trustee responsibilities	12
Independent auditors' report	13-14
Consolidated Statement of Financial Activities	15
Company Statement of Financial Activities	16
Consolidated Balance Sheet	17
Company Balance Sheet	18
Consolidated Statement of Cash Flows	19
Notes to the Accounts	20-37

PILGRIMS' FRIEND SOCIETY

LEGAL AND ADMINISTRATIVE INFORMATION FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

Trustees (and members of the charity from 1 October 2016)

Alan Copeman (Chairman)	Thomas Creedy
Brian Davis (resigned 1 November 2016)	Genefer Espejo
Peter Fullarton (resigned 7 November 2016)	Alan Hare (Treasurer)
Bryan Jarvis (Vice Chairman)	Dr Judy McLaren
Andrew Symonds (Vice Chairman)	Ray Thurgood
Robin Turnbull	

The trustees of APFS 1807, a subsidiary charity which acted as trustee of Pilgrim Homes during the period of these accounts were as follows:-

Alan Copeman (Chairman)	Bryan Jarvis (Vice-Chairman)
Alan Hare (Treasurer)	Andrew Symonds (Vice-Chairman)
John Edwards	Ray Thurgood
Judy McLaren	Robin Turnbull
Jonathan Gulliford	

Secretary Mr G Norris

Principal office 175 Tower Bridge Road
London
SE1 2AL

Charity number 1045920

Company number 3027071

Auditors Jacob Cavenagh & Skeet
5 Robin Hood Lane
Sutton
Surrey
SM1 2SW

Bankers Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

Key Management Personnel The Key Management Personnel of the charity were the members of Senior Management Team whose names and responsibilities are listed below:-

Stephen Hammersley	Chief Executive Officer
Maureen Sim	Director of Operations
Adrian Bray	Director of Finance
Andy Walsh	Director of Property Services
Phil Wainwright	Director of Human Resources and IT
Geoff Norris	Company Secretary

PILGRIMS' FRIEND SOCIETY

TRUSTEES' REPORT FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

The trustees are pleased to present their report, together with their financial statements of the group for the 6 month period ended 31st March 2017. The annual report serves the purposes of both a Trustees' Report and a Directors' Report under company law.

This should be the last set of accounts whose composition and preparation has been complicated by the restructuring work that has been undertaken.

The restructuring, once completed, will simplify and clarify governance arrangements, allow for conflicts of interest between group charities to be managed more effectively and will reduce the costs of the charities' compliance and administration. In all of the changes the trustees have been careful to preserve the distinct identity and focus of our different charities, including Pilgrim Homes (Formerly Aged Pilgrims Friend Society).

Restructuring update

There has been considerable progress with the restructuring of the group in the six months covered by this report. Although these changes are mainly administrative, they have already simplified the working of the group of charities considerably. Last year's accounts appeared under the unfamiliar guise of APFS 1807, an interim holding company, but on 1 October 2017 Pilgrims' Friend Society became the lead charity and ultimate holding company and to reflect this change the majority of the trustees of APFS 1807 were appointed to the board of Pilgrims' Friend Society. To deal with conflicts of interest, a separate APFS 1807 board continued to govern the affairs of Pilgrim Homes and the two boards have during this period met together to oversee the affairs of the group and deal with conflicts of interest.

This year's accounts cover a 6 month period and return to a 31 March accounting date following the eighteen month period covered by the previous set of accounts. On 19 December the bulk of the operations of Pilgrim Homes were transferred to a newly created restricted fund - The Pilgrim Homes Restricted Fund which sits within Pilgrims' Friend Society. The restricted fund is required to operate in accordance with the objects of Pilgrim Homes. As noted in the review of financial activities, the results of Pilgrim Homes are now shown under the heading of restricted funds within the Group accounts and this can be seen in this period's Statement of Financial Activities on page 15. The figures for the previous period have been adjusted for consistency. Sadly it was not possible to include the Evington Home in the 19 December transfer and therefore Pilgrim Homes operated this home throughout the period of these accounts.

The diagram below illustrates the effect of this change. The transfer of operations is reflected in a transfer of assets and reserves to the new restricted fund. This transfer, totalling £11,155,000 can be seen in the separate Statement of Financial Activities for Pilgrims' Friend Society on page 16. This transfer, made with the agreement of the Charity Commission simplifies the management of the charities without compromising the distinctive nature of the Pilgrim Homes. Pilgrim Homes continues to own the 'bricks and mortar' of the Care homes and Housing schemes it formerly operated.

PILGRIMS' FRIEND SOCIETY

TRUSTEES' REPORT

FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

1 October 2016 to 19 December 2016

Pilgrim Homes (Formerly Aged Pilgrims' Friend Society)		Pilgrims' Friend Society
Ownership of properties that are used to deliver care and housing to Protestant Christians	Delivery of care and housing at sites owned by the Charity	Ownership of PFS properties and delivery of care and housing from those properties

20 December 2016 to 31 March 2017

Pilgrim Homes (Formerly Aged Pilgrims' Friend Society)	Pilgrims' Friend Society	
Ownership of properties that are used to deliver care and housing to Protestant Christians	Pilgrim Homes Restricted Fund - Delivery of care and housing at sites owned by Pilgrim Homes	Ownership of PFS properties and delivery of care and housing from those properties

Since the period end we have appointed a manager at our Evington Home and, on 1 September 2017, the registration of the home was transferred to Pilgrims' Friend Society and from that date the operations of the home will be carried out directly by Pilgrims' Friend Society. This has allowed us to cancel the registration of Pilgrim Homes with the Care Quality Commission as all activities are now registered under Pilgrims' Friend Society. The charity has taken advice from Francesca Quint, a barrister, regarding the resolution of some outstanding conflicts of interest. The Charity Commission has responded favourably to our proposals and we anticipate the agreement of a charitable scheme whereby Pilgrims' Friend Society is appointed as trustee of Pilgrim Homes, allowing us to dispense with APFS 1807 as an intermediate trustee.

The Anna Victoria Nursing Home was sold during the period and we have applied to merge the charity with Pilgrims' Friend Society. Current indications from the Charity Commission are that this merger may also form part of the scheme referred to in the preceding paragraph.

At the end of the period, the group consisted of two active Charities - Pilgrims' Friend Society and Pilgrim Homes (formerly Aged Pilgrims' Friend Society), two dormant Charities - Anna Victoria Nursing Home and APFS 1807, both of which we hope to close and Pilgrim Homes Trading Limited, our trading subsidiary for resource sales.

What we do

Pilgrims' Friend Society exists to serve older people and Christian missionaries, offering support, encouragement and care, in a Bible based way, for people the great majority of whom are living out the latter years of their lives. We do this directly in our care homes and missionary housing and indirectly through our resources and conferences exploring the issues faced by older Christians.

It also carries out, through the Pilgrim Homes Restricted Fund and the separate Pilgrim Homes Charity similar activities delivered to Protestant Christians in accordance with the trust deeds of Pilgrim Homes.

PILGRIMS' FRIEND SOCIETY

TRUSTEES' REPORT FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

The difference we make:-

1. Care and housing

Our primary focus in the period has been the delivery of care to over 400 people who have lived in our homes and schemes during the period. The key tool for measuring our impact in this area is a comprehensive system of questionnaires that ask residents and their families on a rolling monthly basis about all aspects of our service delivery. We do not attempt to boil down the results to a single "score"; rather, our audit committee looks at the results, makes sure that the quality of what we do for our beneficiaries is high and points for improvement are acted on and reports to the Board with its judgement on the quality of care delivered.

2. Work outside our homes and housing schemes

We continued with a programme of conferences and regional meetings across the country at which we shared insights and our experience of caring for older people. We expanded our range of booklets on topics relating to Christian care and in particular addressed some of the difficult questions presented by dementia.

We continue to produce the Pilgrims' Magazine, distributed to our regular supporters which addresses topical issues relating to older people and gives news and updates from our homes. We continue to send out occasional updates and topical email bulletins and maintain a 'blog'.

Our joint project with other Christian charities to provide resources and information and to inspire and equip older people was launched, in pilot, after the period end under the now agreed title of 'Faith in Later Life'.

3. Staff and volunteers

Our staff colleagues are at the heart of what we do to deliver care and we are delighted that they are mentioned so often by our residents and their families for the quality of what they do. With their support, we are continuing to roll out a more 'family centred' approach to caring for all of our residents across our homes, having seen the benefits of this approach in the context of the person-centered Dementia Care pilot last year. This approach, echoing the words of Psalm 68 which sees God as setting the lonely in families, is not without challenges for our staff, as relating to residents as part of a 'family' rather than as carer deepens the relationship and requires a deeper level of emotional involvement.

Our home visitors, friends and auxiliaries are a vital aspect of our work. As well as raising some of the finances we need they also make them go much further through their volunteering. We are particularly grateful to visitors who provide much needed comfort and company to residents and those who lead the regular acts of worship in our homes. The Charity Commission requires we state a number for these volunteers, and we estimate this to be around 380.

All our homes hold regular meetings for all colleagues which are designed to impart information regarding developments within the charity and to give staff opportunity to raise issues. Where any specific proposal is likely to have a significant impact on individual members of staff, such staff are consulted in line with current legislation and good practice.

PILGRIMS' FRIEND SOCIETY

TRUSTEES' REPORT

FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

Pilgrims' Friend Society always selects staff colleagues on the basis of their ability to do the job on offer based on a "Person Specification" for each post. We are fully compliant with Equalities legislation and recognise our obligations, under Disability Discrimination legislation, to consider reasonable modifications to allow disabled employees to take up employment. We have a genuine occupational requirement for some posts to be filled by Protestant Christians, who are in agreement with our doctrinal basis, to maintain our founding Christian ethos. These issues are dealt with fully under the charity's Equal Opportunities policies.

The charity is recognised as an "Investor in People", being reaccredited during the period at an improved silver level, recognising the commitment of the charity to the on-going training and development of all our staff colleagues to enable them to continue providing high quality services.

We are in regular communication with our staff colleagues on all matters relating to their terms and conditions of employment. The managers of our homes meet twice a year as the "senior team" and this includes discussion with the trustees as to the future direction of the Society. Significant changes to the work of the Society are typically preceded by a consultation with colleagues in our homes and our volunteers sometimes involving a visit by a members of the executive team and a trustee. We encourage colleagues involvement in the Society's performance and their awareness of the factors affecting our work through a monthly prayer bulletin that is posted on the noticeboards in all of our homes and schemes.

4. Our properties

At Wantage we have been updating the laundry facilities and improving the layout of the home and we continued to progress the project to extend our Great Finborough Home in Suffolk, although contracts had not been placed at the period end nor had building works started.

We were pleased to complete the sale of the former Anna Victoria Nursing Home just before Christmas and since the period end, we have sold the surplus land and buildings on the Luff site in Essex.

In 2015 we started our 'Homes Review Project', a programme which continuously reviews the quality of the facilities we offer through our care homes and housing schemes. We have identified three homes where the facilities provided fall short of current expectations and in conjunction with local Christians, churches and charities, we have been reviewing our facilities in Brighton, North London (Bedford and Redbourn) and Chippenham. Our aim is to upgrade the quality of provision either by redeveloping our existing sites or relocating to other sites where we are able to offer facilities of a higher quality. Although work at each site is at a different stage, we hope in the financial year to 31 March 2018 to reach conclusions as to the way forward in each location.

Risks and regulations

The major risks faced by the charity revolve around three issues: occupancy, staffing and the difficult state of local government care budgets leading to our accepting local authority residents at rates below the level of our costs. During the period we saw a drop in occupancy rates at many of our homes, and these lower occupancy levels have continued in the current financial period. We have also struggled to find people to fill a number of staff positions, particularly as carers at some of our homes, leading to a heavy use of agency cover. A key risk is increased costs through a rise in the living wage, with the government failing to meet these costs for local authority supported residents.

PILGRIMS' FRIEND SOCIETY

TRUSTEES' REPORT FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

Our objects and how we seek to fulfil them

Pilgrims' Friend Society is a charitable company which controls a number of subsidiary charities. Following its appointment as sole trustee of APFS 1807 on 1 October 2016, only *Pilgrims' Friend Society* and *Pilgrim Homes* have been financially active, and since the transfer of the majority of the operations of Pilgrim Homes to the restricted fund of Pilgrims' Friend Society, Pilgrim Homes has only been responsible for the operation of a single care home and its level of activity has been greatly reduced.

Pilgrims' Friend Society has as its objectives "the advancement of the Christian faith and the relief of poverty, sickness, disablement, old age and infirmity for the public benefit to the glory of God."

It seeks to fulfil those objectives through the operation of care homes and housing schemes.

Since the transfer of the majority of the Pilgrim Homes care homes and housing schemes to the operational control of Pilgrims' Friend Society, Pilgrim Friends Society has been providing distinctively Christian care to Protestant Christians, under the provisions of the Pilgrim Homes Trust deed to the residents of those homes.

The charity also provides education and training to help churches and individuals to care better for older church members and relatives through a program of conferences and the production of books and leaflets on care related matters. The books and leaflets are sold through Pilgrim Homes Trading Limited, a wholly owned trading subsidiary.

The objects of Pilgrim Homes which was founded in 1807 are: "the relief either individually or collectively of poverty, sickness, disablement, old age and infirmity among elderly persons of the Protestant Christian Faith, who are in agreement with the Society's Doctrinal Statement and can give scriptural testimony as shall in the judgement of the Trustees show them to be of the 'Household of Faith'".

The way that Pilgrim Homes seeks to fulfil these objectives changed as a result of the restructuring carried out during this accounting period. From 19 December 2016, when the majority of its operations were transferred to Pilgrims' Friend Society, it has worked in partnership with the Pilgrim Homes Restricted Fund within Pilgrims' Friend Society to deliver Christian Care to its Protestant Christian beneficiary group. Its role is to manage, in accordance with its trust deed, the property assets through which that care is delivered. It does not charge for the use of those properties, and the Pilgrim Homes Restricted Fund meets the cost of repairs and improvements to those properties.

In this accounting period it has continued to directly operate a single care home at Evington in fulfillment of its objects.

APFS 1807, which shares objects in common with Pilgrims' Friend Society has in this period fulfilled its charitable mandate by the delivery of independent governance for Pilgrim Homes.

Anna Victoria Nursing Home has not traded in the period, has realised its assets and is now seeking the authority of the Charity Commission to merge this charity with Pilgrims' Friend Society.

All the charities in the group continually reassess the services provided to meet changing needs; the group has committed itself to the training and development of employees to enable them to fulfil their role.

PILGRIMS' FRIEND SOCIETY

TRUSTEES' REPORT

FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

Provision of Accommodation and Care

The principal way in which the two major operating charities, Pilgrim Homes and Pilgrims' Friend Society, seek to carry out their objects is through the provision of Christian care in a residential setting to those who are over 65 and in need of such accommodation or care as a result of their age, poverty, sickness or disablement. Care can also be provided for adults below the age of 65 who are suffering from a disease, illness or medical condition normally associated with old age. The homes operated by the different charities have different admission processes that allow them to focus on their different target beneficiary groups. Pilgrim Homes and Pilgrims' Friend Society also provide housing, support and other services to those over the age of 60 who wish to maintain an independent lifestyle but are in need of assistance as a result of their age, poverty, sickness or disablement.

Both Pilgrims' Friend Society and Pilgrim Homes promote the Christian faith by ensuring that beneficiaries have every opportunity to pursue their Christian lives. Regular devotions are arranged led by residents, visitors and ministers from a range of Protestant denominations.

Since the transfer of the work of Redbourn Missionary Trust to Pilgrims' Friend Society, the work of providing provision of accommodation to those engaged in full time missionary work and those who have now retired from active service overseas as continued at the existing Redbourn site.

Pilgrim Care provides domiciliary care for residents in our extra care housing scheme at Royd Court in Mirfield.

The charity's trustees have considered the guidance regarding public benefit when considering and planning their objectives and activities for the period.

Achievements

During the period of this report the two active charities in the group delivered Christian care and housing to in excess of 400 people, together with education and training through books, conferences and seminars about the issues faced by older people. More details are set out under the heading "The difference we make" on pages 3 and 4 of these accounts.

What are the benefits that arise from the activities we carry out to achieve our aims?

The benefits of our work are people living safe and fulfilled lives in their latter years when they need Christian care and support.

Pilgrims' Friend Society and its subsidiary charities provide a safe, secure environment with opportunities for fellowship with like-minded Christian people. We promote the Christian faith by providing quality care in our homes and we seek to share what we have learned about effective Christian care with individuals and churches to enable them to care more effectively in the community.

PILGRIMS' FRIEND SOCIETY

TRUSTEES' REPORT FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

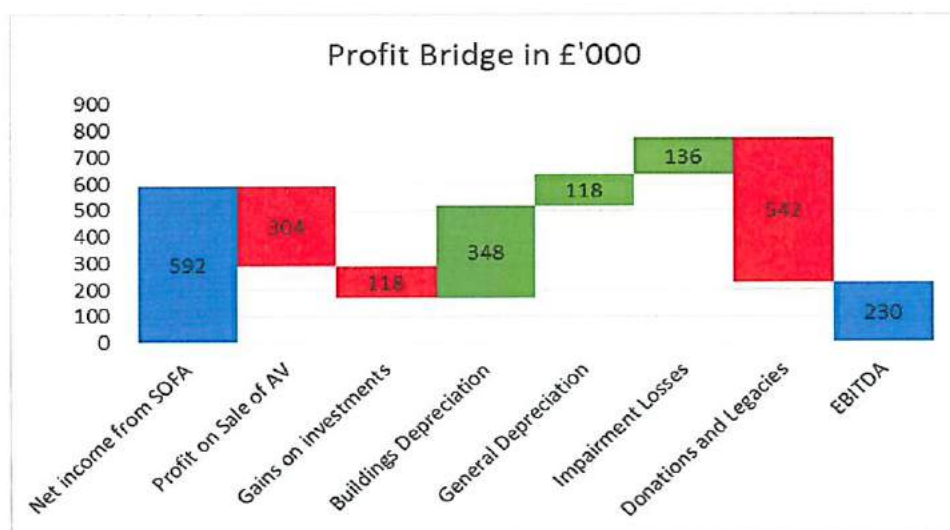
Financial review

Overall the results for the group are in line with those of the previous period, albeit a direct comparison between the two periods is difficult since this period's accounts covers six months while the comparatives are for the extended eighteen-month period.

Looking at the Consolidated Statement of Financial Activities on page 15, at a macroeconomic level both income and agency fees have dropped slightly compared with the levels of income and costs in the previous period, due to a fall in occupancy of the homes. Other income sources are broadly similar to the previous period.

The charities' primary performance measure is EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation). This measure is used to manage the charities' affairs and to ensure that the cash surplus generated by operations is sufficient to cover the costs of capital expenditure.

The graphic below shows the 'profit bridge' which is a useful way of extracting information from a set of accounts. The profit bridge starts with the financial surplus in the accounts of £592,000 and adjusts this, first by deducting one-off surpluses which do not affect day-to-day operations in the homes (the surplus on the sale of Anna Victoria, and increases in the value of the investments of the charity) and adding back depreciation and impairment which are not cash transactions. This gives an overall cash surplus of £772,000. If we take from this the £542,000 contribution from donations and legacies from this figure it leaves a cash surplus from the homes' operations of £230,000 over the 6 month period.



Over the long term we need to generate a cash surplus of around £800K per annum to keep our buildings up to date and so the charity is currently heavily reliant on donations to make this possible.

PILGRIMS' FRIEND SOCIETY

TRUSTEES' REPORT

FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

The opportunity has been taken to review the way in which the accounts are presented, following the changes to the structure of the group and the way in which the results for the period are presented in this period's accounts (as compared with the previous period's presentation) has been changed as described below. These changes have been made with the object of presenting the results more clearly and giving more details of our charitable work:

1. Reclassification of Pilgrim Homes results

The income and expenses generated by the Homes and Housing Schemes owned and operated by Pilgrim Homes and the Pilgrim Homes Restricted Fund are shown under the heading of 'Restricted Funds'. In earlier periods the income and expense arising from Pilgrim Homes were included in the consolidated accounts as 'Unrestricted Funds.' The accounting treatment of this income and expenditure was reassessed following the transfer of operations of Pilgrim Homes to Pilgrims' Friend Society on 20 December 2016. Since the objects of Pilgrim Homes are narrower than those of Pilgrims' Friend Society, it was considered more appropriate to record the income and expenditure as restricted. This has a further benefit in that it is easier to see the breakdown between non-Pilgrim Homes income and expenses contained in the Unrestricted Fund, and Pilgrim Homes activities which comprise most, but not all of the entries for the restricted fund.

2. Correction of the treatment of investment assets

The charities own seven properties at four locations that are not currently used by beneficiaries of the charities; instead these properties, which are not suitable for letting to beneficiaries, have been rented out to non-beneficiaries at market value. The appropriate treatment of these assets is for them to be shown as 'investment properties' in the balance sheet and to be revalued every period. This treatment has been applied both in the current accounting period and in the comparative period. Three of the properties are adjacent to the Chippenham care home and it is expected that these will be sold when the care home is sold to maximise the value of the site.

3. Reclassification of fundraising costs

In earlier periods all costs of the operation of the marketing department were shown against the heading of raising funds. The opportunity has been taken to analyse these figures more precisely to ensure that the only costs identified in our accounts as fundraising costs are those arising directly from our trying to introduce the charity to potential new supporters. The apportioned cost for the current financial period is £13,000 with a comparative for the longer financial period of £60,000. It should be remembered that for at least part of the former period the charity employed a marketing director and the level of activities was greater.

As a result of reanalysing these marketing costs, we are now able to include, in note 6, as part of our charitable activities the costs of delivering education and training through conferences, meetings and literature and raising awareness of the activities of the charity through the magazines, e-sends and the website. These are all important parts of the work of the charity and the changed presentation enables us to show the costs involved in doing this work.

PILGRIMS' FRIEND SOCIETY

TRUSTEES' REPORT FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

Future developments

The trustees and directors have agreed a three-year plan under the strapline "Fulfilled Living". The specific things that we plan to do are:

- *Good care through our homes* – A leading provider of Christian care and support to older people.
- *Good care in the community* – To equip churches to seize the opportunities presented by an ageing population to support older people.
- *Good stewards* – To be efficient and effective with our resources and ready for future growth.

Related parties

The trustees of the charity consider the following to be related parties:

1. Its trustees
2. Key Management Personnel of Pilgrims' Friend Society
4. The following charities:
 - a) Pilgrim Homes (formerly Aged Pilgrims' Friend Society) (charity no. 242266)
 - b) APFS 1807 (charity no. 1134979)
 - c) Anna Victoria Nursing Home (charity no. 288915)
5. Pilgrim Homes Trading Limited - a limited company
6. Aged Pilgrims' Friend Society Trust Limited - a limited company which holds title to the properties owned by Pilgrim Homes.

Investment policy

As a result of the transfer of assets from Pilgrim Homes to this charity referred to earlier in this report, the charity has acquired, within the restricted fund, the share portfolio formerly owned by Pilgrim Homes. Apart from this, the remainder of the funds across the group are held in the form of cash at bank whilst the trustees await the report of the homes' review process.

Principal sources of funding

The group expects to continue to raise the majority of its income from fees charged to residents of its homes.

Accommodation charges policy

As with the other related charities, this charity sets the level of charges for accommodation in its care homes on the basis of local market conditions. It does not discriminate against older Christians who may not have the resources to meet the costs of their own care and we accept residents whose fees are met on their behalf by local authorities, notwithstanding the fact that local authorities are often able to pay neither full fees, nor their full share of costs incurred. In these circumstances we seek a 'top-up' from family or friends where possible. However, where this is not possible the charity will forgo the underpaid amount.

PILGRIMS' FRIEND SOCIETY

TRUSTEES' REPORT FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

Reserves

In addition to the various restricted and designated funds, the group holds general reserves sufficient to ensure that, in the event of a downturn in its primary purpose trading activities, the charities would be able to cover immediate costs. A policy has been agreed whereby the group maintains at least £1,000,000 of these reserves in cash, or cash equivalent funds to cover short term cash-flow requirements, capital commitments, and three months of operating costs. On completion of the restructuring the charity intends to review and update this policy. The total balance held in unrestricted funds at the period end amounted to £6,776,000 as can be seen from the Consolidated Statement of Financial Activities on page 15 of the accounts.

Trustee recruitment and training

Trustees are appointed at a board meeting following a nomination process. Candidates must meet a strict set of specifications concerning personal competence, specialist skills, availability and Christian belief. Once the Board and new trustee decide to proceed with a formal appointment there follows an induction period to familiarise the new trustee with the charity's operations. Newly appointed trustees meet with the Chief Executive and where appropriate members of the Senior Management Team to provide an introduction to the affairs of the charity, key operational methods and the current strategic plan. Trustee performance is subject to an annual review by the Chairman.

Disclosure of information to auditors

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

This report was approved by the trustees on 28 November 2017 and signed on their behalf by:



Mr A Copeman
Chairman

PILGRIMS' FRIEND SOCIETY

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity 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 of its incoming resources and application of resources for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enables it to ascertain the financial position of the charity and which ensure that the financial statements comply with the Companies Act 2006 and the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF PILGRIMS' FRIEND SOCIETY

Opinion

We have audited the financial statements of Pilgrims' Friend Society for the 6 month period ended 31st March 2017 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31st March 2017, and of its income and expenditure, for the 6 month period then ended;
- and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF PILGRIMS' FRIEND SOCIETY

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the trustees and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees 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.

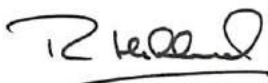
In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the company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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the charity's trustees, as a body, in accordance with 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 charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



R I Haffenden MA(Cantab) FCA (Senior Statutory Auditor)

for and on behalf of Jacob Cavenagh & Skeet, Chartered Accountants and Statutory Auditor
5 Robin Hood Lane, Sutton, Surrey, SM1 2SW
28 November 2017

PILGRIMS' FRIEND SOCIETY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (incorporating Income and Expenditure account)
FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

	Note	6 month period ended 31st March 2017			Restated 18 month period ended 30th September 2016		
		Unrestricted Funds £000	Restricted Funds £000	Total Funds £000	Unrestricted Funds £000	Restricted Funds £000	Total Funds £000
Income from:							
Donations and legacies	2	69	459	528	308	1,517	1,825
Investments	3	-	58	58	47	104	151
Charitable activities	4	1,372	3,483	4,855	3,985	10,837	14,822
Gain on disposal of tangible fixed asset		304	-	304	83	-	83
Other sources		4	-	4	25	-	25
Total income		1,749	4,000	5,749	4,448	12,458	16,906
Expenditure on:							
Raising funds	5	9	-	9	29	37	66
Charitable activities	6	1,648	3,541	5,189	5,105	10,901	16,006
Total expenditure		1,657	3,541	5,198	5,134	10,938	16,072
Net gains/(losses) on investments		-	118	118	132	102	234
Net income/(expenditure)		92	577	669	(554)	1,622	1,068
Transfers between funds		116	(116)	-	266	(266)	-
Net movement in funds		208	461	669	(288)	1,356	1,068
Funds brought forward at 1st October 2016 as originally stated		6,567	27,124	33,691	29,597	3,198	32,795
Prior year adjustment	22	-	635	635	(22,742)	23,205	463
Funds brought forward at 1st October 2016 as restated		6,567	27,759	34,326	6,855	26,403	33,258
Funds carried forward at 31st March 2017		6,775	28,220	34,995	6,567	27,759	34,326

PILGRIMS' FRIEND SOCIETY

STATEMENT OF SOCIETY'S FINANCIAL ACTIVITIES (incorporating Income and Expenditure account)
FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017



	<i>6 month period ended 31st March 2017</i>			<i>18 month period ended 30th September 2016</i>		
	<i>Unrestricted Funds £000</i>	<i>Restricted Funds £000</i>	<i>Total Funds £000</i>	<i>Unrestricted Funds £000</i>	<i>Restricted Funds £000</i>	<i>Total Funds £000</i>
Income from:						
Donations and legacies	171	85	256	2,052	97	2,149
Charitable activities	1,367	1,453	2,820	3,980	-	3,980
Investments	-	18	18	3	-	3
Other sources	5	13	18	1	-	1
Total income	1,543	1,569	3,112	6,036	97	6,133
Expenditure on:						
Raising funds	-	3	3	-	-	-
Charitable activities	1,640	1,689	3,329	4,174	17	4,191
Total expenditure	1,640	1,692	3,332	4,174	17	4,191
Net assets gifted by Pilgrim Homes: Pilgrim Homes restricted fund	-	11,155	11,155	-	-	-
Net gains/(losses) on investments	-	73	73	-	-	-
Net (expenditure)/income	(97)	11,105	11,008	1,862	80	1,942
Transfers between funds	116	(116)	-	29	(29)	-
Net movement in funds	19	10,989	11,008	1,891	51	1,942
Funds brought forward at 1st October 2016	5,278	82	5,360	3,387	31	3,418
Funds carried forward at 31st March 2017	5,297	11,071	16,368	5,278	82	5,360

PILGRIMS' FRIEND SOCIETY

**CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH 2017**

	<i>Note</i>	<i>As at 31st March 2017</i>		<i>Restated as at 30th</i>	
		<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Fixed assets					
Tangible assets	10		24,952		25,515
Investments	11		3,644		3,073
			<u>28,596</u>		<u>28,588</u>
Current assets					
Stock	12	1,198		662	
Debtors and prepayments	13	611		470	
Short term deposits		-		2,006	
Cash at bank and in hand		5,478		3,362	
		<u>7,287</u>		<u>6,500</u>	
Creditors: amounts falling due within one year	14	888		762	
Net current assets			<u>6,399</u>		<u>5,738</u>
Total assets less current liabilities			<u>34,995</u>		<u>34,326</u>
Reserves and equity	15				
Unrestricted Funds	15,16		6,775		6,567
Restricted Funds	17		28,220		27,759
Total assets less current liabilities			<u>34,995</u>		<u>34,326</u>

Approved by the trustee on 28 November 2017 and signed on its behalf by:

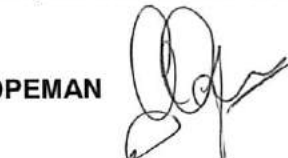


A R COPEMAN		Chairman
A J HARE		Treasurer
S HAMMERSLEY		Chief Executive

PILGRIMS' FRIEND SOCIETY

**BALANCE SHEET
AS AT 31ST MARCH 2017**

	<i>Note</i>	<i>As at 31st March 2017</i>		<i>As at 30th September 2016</i>	
		<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Fixed assets					
Tangible assets	10		8,844		8,070
Investments	11		1,860		45
			10,704		8,115
Current assets					
Stock of leasehold flats held for resale	12	1,180		-	
Debtors and prepayments	13	1,077		319	
Cash at bank and in hand		4,451		140	
			6,708	459	
Creditors: amounts falling due within one year	14	1,044		214	
Net current assets			5,664		245
Total assets less current liabilities			16,368		8,360
Creditors: amounts falling due after more than one year			-		(3,000)
Net assets			16,368		5,360
Reserves and equity	15				
Unrestricted Funds			5,297		5,278
Restricted Funds			11,071		82
Total assets less current liabilities			16,368		5,360

Approved by the trustee on 28 November 2017 and signed on its behalf by:

A R COPEMAN		Chairman
A J HARE		Treasurer
S HAMMERSLEY		Chief Executive

PILGRIMS' FRIEND SOCIETY

**STATEMENT OF CONSOLIDATED CASH FLOWS
FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017**

	6 month period ended 31st March 2017			18 month period ended 30th September 2016
	Homes £000	Charity £000	Total £000	Total £000
Cash flows from operating activities				
Trading and donations				
Net income	141	528	669	1,068
Depreciation	466	-	466	1,238
Interest and dividends included in investing activities	(58)	-	(58)	(151)
(Gain)/loss on disposal of fixed assets	(298)	-	(298)	152
Impairment losses	48	-	48	-
Realised (gains)/losses on disposal of investments	48	-	48	33
Movement in fair value of investments	(166)	-	(166)	(267)
Net cash provided by trading and donations	181	528	709	2,073
Working capital movements				
(Increase)/decrease in housing stocks at Royd Court and Pilgrim Gardens	(536)	-	(536)	517
(Increase)/decrease in debtors	(141)	-	(141)	546
Increase/(decrease) in creditors	126	-	126	(254)
Net cash (used in)/provided by working capital movements	(551)	-	(551)	809
Net cash provided by operating activities	(370)	528	158	2,882
Cash flows from investing activities				
Tangible Fixed Assets				
Payments on additions of tangible fixed assets	(1,083)	-	(1,083)	(1,813)
Proceeds on disposal of tangible fixed assets	1,430	-	1,430	193
Net cash provided by/(used in) tangible fixed assets	347	-	347	(1,620)
Fixed Asset Investments				
Interest and dividends received	58	-	58	151
Payments on additions of fixed asset investments	(594)	-	(594)	(305)
Proceeds on disposal of fixed asset investments	141	-	141	263
Net cash (used in)/provided by fixed asset investments	(395)	-	(395)	109
Net cash (used in) investing activities	(48)	-	(48)	(1,511)
Net cash inflow	(418)	528	110	1,371
Cash and cash equivalents at 1st October 2016			5,368	3,997
Cash and cash equivalents at 31st March 2017			5,478	5,368

PILGRIMS' FRIEND SOCIETY

NOTES TO THE ACCOUNTS FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

1. ACCOUNTING POLICIES

The company is registered as a charitable company limited by guarantee incorporated in England and Wales and is governed by its Memorandum and Articles of Association. Its registered office is 175 Tower Bridge Road, London SE1 2AL.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), "Accounting and Reporting by Charities" the Statement of Recommended Practice for charities applying FRS 102, the Companies Act 2006 and UK Generally Accepted Accounting Practice. The charity is a Public Benefit Entity as defined by FRS 102.

The accounting period has been shortened to the 6 months ended 31 March to be consistent with the fiscal year. Comparative figures relate to a 18 month period.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of freehold properties and to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

Merger accounting

During the year APFS 1807, a charity registered in England and Wales (charity number 1134979), merged with Pilgrims' Friend Society so that the latter now has control of the group's trade, assets and liabilities. Merger accounting has been used as this arrangement meets the following criteria under FRS 102:

- No party to the combination is portrayed as either acquirer or acquiree, either by its governing body or management or by that of another party to the combination.
- All parties to the combination, as represented by the members of the governing body, participate in establishing the management structure of the combined charity and in selecting the management personnel. Such decisions are made on the basis of a consensus between the parties to the combination, rather than purely by exercising voting rights.
- There is no significant change to the class of beneficiaries of the combining entities or the purpose of the benefits provided as a result of the combination.

Merger accounting involves aggregating the assets, liabilities and funds of the combining charities and presenting them as though they had always been part of the same reporting charity. Although the merger may have taken place part way through a reporting period, the accounts must be drawn up to include the results of the combining charities for the whole of the reporting period in which the merger occurred.

Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

PILGRIMS' FRIEND SOCIETY

NOTES TO THE ACCOUNTS
FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

1. ACCOUNTING POLICIES (continued)

Fixed assets

Expenditure on existing properties is capitalised when works result in an enhancement of economic benefits of the asset. Other expenditure on the properties is charged to the income and expenditure account. Where appropriate, the historic cost less accumulated depreciation of any replaced components is released from the asset and recognised as a loss on disposal.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life. The following rates are used on a straight line basis:

Land	nil
Buildings	100 years
Roof	70 years
Electrics	40 years
Windows, doors, heating & plumbing	30 years
Bathrooms & lifts	20 years
Kitchens – sheltered	20 years
Boilers	15 years
Kitchens – residential	10 years
Furniture and equipment - sheltered	10 years
Hard landscaping	5 years
Motor vehicles	4 years
Computer equipment	4 years

Investment properties

Investment properties comprise properties, all owned by Pilgrim Homes (formerly Aged Pilgrims' Friend Society) which are not suitable for occupation by beneficiaries of the charities within the group and are therefore let on commercial terms to either staff members or third parties. These properties are revalued every year with the surplus/deficit taken to the reserves of the group.

Following a review of the charity's accounting policies, a number of properties let on open market terms to non beneficiary third parties have been transferred from Fixed assets to this newly created asset account. These properties are located at the following locations:

- Bungalow Adjacent to Mirfield Almshouses
- House at Gt Finborough
- House sub-divided into two flats at Shottermill Home
- Bungalows and House adjacent to Leonora House at Chippenham
- The Chippenham Properties (including 92 Wood Lane Purchase in this accounting period) were purchased to improve access to the Chippenham site and maximise opportunities afforded by the ongoing property review.

Income

Rental and ancillary income is recognised on the basis of when the service was provided to the resident. Voluntary income and donations (including legacies) are accounted for once the charity has entitlement to the income, it is probable the income will be received and the amount of income receivable can be reliably measured. Where material assets are donated to the company for its use, these are capitalised at the estimated market value at the date of the gift and included under income.

PILGRIMS' FRIEND SOCIETY

NOTES TO THE ACCOUNTS FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

Expenditure

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer term liabilities. Charitable expenditure includes all support costs in respect of the company's activities.

Governance costs

This comprises expenditure on compliance with statutory legal requirements and is included in charitable activities.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustee for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors. The aim and use of each restricted fund is set out in the notes to the financial statements.

Leases

Rentals payable under operating leases are dealt with on a straight line basis over the lease term. Total lease repayments have been disclosed over the remaining life of the lease.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Debtors

Debtors are included at the settlement amount due. Prepayments are valued at the amount prepaid.

Cash and cash equivalents

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 opening of the deposit.

Creditors and provisions

Creditors and provisions are recognised where the group has a present obligation arising from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are recognised at their settlement amount. Concessionary loans are included at historic cost.

Financial instruments

The charity only has financial assets and 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.

PILGRIMS' FRIEND SOCIETY

NOTES TO THE ACCOUNTS
FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

2. DONATIONS AND LEGACIES

	<i>Unrestricted Funds £000</i>	<i>Restricted Funds £000</i>	<i>Total 2017 £000</i>	<i>Total 2016 £000</i>
Donations	69	122	191	803
Legacies	-	337	337	1,022
	69	459	528	1,825

3. INCOME FROM INVESTMENTS

	<i>Unrestricted Funds £000</i>	<i>Restricted Funds £000</i>	<i>Total 2017 £000</i>	<i>Total 2016 £000</i>
Bank interest	-	33	33	98
Rental of investment properties	-	20	20	53
	-	58	58	151

4. INCOME FROM CHARITABLE ACTIVITIES

	<i>Unrestricted Funds £000</i>	<i>Restricted Funds £000</i>	<i>Total 2017 £000</i>	<i>Total 2016 £000</i>
Care fees	1,372	2,981	4,353	12,579
Housing income	-	500	500	1,527
Extra Care Housing lease sales*	-	2	2	716
	1,372	3,483	4,855	14,822

5. EXPENDITURE ON RAISING FUNDS

	<i>Unrestricted Funds £000</i>	<i>Restricted Funds £000</i>	<i>Total 2017 £000</i>	<i>Total 2016 £000</i>
Publicity and deputation	9	-	9	66

6. EXPENDITURE ON CHARITABLE ACTIVITIES

Split by funds:

	<i>Unrestricted Funds £000</i>	<i>Restricted Funds £000</i>	<i>Total 2017 £000</i>	<i>Total 2016 £000</i>
Housing	-	149	149	1,584
Care	1,271	3,190	4,461	12,616
Cost of extra care leases sold	-	-	-	718
Education and training	43	-	43	145
Raising awareness	22	-	22	113
General support costs	312	202	514	830
	1,648	3,541	5,189	16,006

PILGRIMS' FRIEND SOCIETY

NOTES TO THE ACCOUNTS
FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

6. EXPENDITURE ON CHARITABLE ACTIVITIES (continued)

Split by expenditure category:

	Housing £000	Care £000	Extra Care leases £000	Education and training £000	Raising awareness £000	General support £000	Total 2017 £000	Total 2016 £000
Salaries and Wages	25	2,839	-	18	6	429	3,317	9,981
Food	31	240	-	-	-	-	271	798
Administrative expenses	4	107	-	6	1	193	311	786
Repairs and maintenance	26	270	-	-	-	-	296	935
Heat and Light	23	154	-	-	-	-	177	415
Other expenses	11	153	-	19	15	-	198	724
Buildings depreciation	-	348	-	-	-	-	348	863
General depreciation	10	108	-	-	-	-	118	527
Loss/(gain) on disposal	-	2	-	-	-	4	6	83
Impairment losses	-	-	-	-	-	48	48	-
Cost of extra care leases sold	-	-	-	-	-	-	-	718
Professional fees	-	(6)	-	-	-	96	90	195
Governance costs: audit fees	-	-	-	-	-	27	27	26
Allocated administrative costs	19	246	-	-	-	(283)	(18)	(45)
	149	4,461	-	43	22	514	5,189	16,006

The auditors were paid £13,800 in 2017 for accountancy services (2016: £13,800).

7. SUPPORT COSTS

	Total 2017 £000	Total 2016 £000
Staff costs	429	1,366
Depreciation and losses on disposal	-	5
Impairment losses	48	-
Loss/(gain) on disposal	4	-
Professional fees	77	189
Other administrative expenses	191	520
	749	2,080

PILGRIMS' FRIEND SOCIETY

NOTES TO THE ACCOUNTS FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

8. STAFF COSTS

	Total 2017 £000	Total 2016 £000
Wages and salaries	3,090	9,233
Social security	168	506
Other pension costs	59	176
	3,317	9,915

The average number of staff employed in the period on headcount was:

	Total 2017 No.	Total 2016 No.
Homes	437	441
Head Office	23	24
	460	465

The number of employees whose emoluments exceeded £60,000 in the 6 months ended 31 March 2017 was zero (2016 for the 18 month period: three between £60,000 and £70,000; two between £70,000 and £80,000; one between £80,000 and £90,000 and one between £120,000 and £130,000.).

No remuneration was paid to any trustee during the year (2016: £nil). Travel expenses of £551 (2016: £2,790) were reimbursed to 3 trustees (2016: 6 trustees) for items incurred wholly, exclusively and necessarily in the course of the charity's business.

The total aggregate remuneration of Key Management Personnel for the 6 month period was £169,772 (2016: for the 18 months £561,712). On a monthly basis this was equivalent to £28,295 per month in the 6 month period (2016: £31,206 per month).

The Senior Management Team are employed on joint contracts of service. For accounting purposes their time is split between general management activities (30%) and work on the affairs of individual homes 70%. This 70% is recharged to the individual operating charity homes and schemes on the number of residents at each home or scheme.

During the year, ex-gratia payments of £nil (2016: £15,780) were awarded to employees by the trustees in connection with the ending of their period of service with the Society.

9. PENSION COMMITMENTS

The pension cost charge represents contributions payable by the group to the pension funds. There were contributions of £26,000 due to the fund at the period end (2016: £15,000).

PILGRIMS' FRIEND SOCIETY

NOTES TO THE ACCOUNTS
FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

10. TANGIBLE FIXED ASSETS

Group:

	<i>Freehold properties £000</i>	<i>Assets in the course of construction £000</i>	<i>Furniture, fittings and equipment £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
Cost or valuation					
As previously stated at 1st October 2016	30,140	23	1,459	51	31,673
Prior period adjustment	(1,005)	-	-	-	(1,005)
Restated as at 1st October 2016	29,135	23	1,459	51	30,668
Additions	873	61	149	-	1,083
Disposals	(2,561)	-	(697)	-	(3,258)
Impairments	(48)	-	-	-	(48)
Revaluations	-	-	-	-	-
As at 31st March 2017	27,399	84	911	51	28,445
Depreciation					
As previously stated at 1st October 2016	4,919	-	499	-	5,418
Prior period adjustment	(265)	-	-	-	(265)
Restated as at 1st October 2016	4,654	-	499	-	5,153
Charge for the year	348	-	109	9	466
Released on disposals	(1,333)	-	(793)	-	(2,126)
As at 31st March 2017	3,669	-	(185)	9	3,493
Net book value					
As at 31st March 2017	23,730	84	1,096	42	24,952
As at 30th September 2016	24,481	23	960	51	25,515

PILGRIMS' FRIEND SOCIETY

NOTES TO THE ACCOUNTS
FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

10. TANGIBLE FIXED ASSETS (continued)

Company:

	<i>Land and buildings £000</i>	<i>Motor vehicles £000</i>	<i>Furniture, fittings and equipment £000</i>	<i>Total £000</i>
Cost or valuation				
As at 1st October 2016	8,609	59	695	9,363
Additions	716	-	669	1,385
Disposals	(646)	-	(2)	(648)
Impairments	(48)	-	-	(48)
As at 31st March 2017	8,631	59	1,362	10,052
Depreciation				
As at 1st October 2016	990	8	295	1,293
Charge for the year	95	9	77	181
Released on disposals	(266)	-	-	(266)
As at 31st March 2017	819	17	372	1,208
Net book value				
As at 31st March 2017	7,812	42	990	8,844
As at 30th September 2016	7,619	51	400	8,070

The Trustees have reviewed the purposes and use of the properties of the charity during the year and concluded that some of these properties were for the sole purpose of generating funds. The prior year adjustment reflects the transfer of these properties to fixed asset investments (see note 11).

11. INVESTMENTS

Group:

	<i>Listed investments £000</i>	<i>Unlisted investments £000</i>	<i>Investment properties £000</i>	<i>Total £000</i>
Valuation				
As previously stated at 1st October 2016	1,696	2	-	1,698
Prior period adjustment	-	-	1,375	1,375
Restated as at 1st October 2016	1,696	2	1,375	3,073
Additions	151	-	443	594
Disposals	(187)	(2)	-	(189)
Revaluation	157	-	9	166
As at 31st March 2017	1,817	-	1,827	3,644
Held by:				
General	-	-	-	-
Restricted	1,817	-	1,827	3,644
	1,817	-	1,827	3,644
Historic cost:				
As at 31st March 2017	1,521	2	740	2,263

PILGRIMS' FRIEND SOCIETY

NOTES TO THE ACCOUNTS FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

11. INVESTMENTS (continued)

<i>Company:</i>	<i>Listed investments £000</i>	<i>Unlisted investments £000</i>	<i>Investment properties £000</i>	<i>Total £000</i>
Valuation				
As at 1st October 2016	-	45	-	45
Additions	1,883	-	-	1,883
Disposals	(187)	(2)	-	(189)
Revaluation	121	-	-	121
As at 31st March 2017	<u>1,817</u>	<u>43</u>	<u>-</u>	<u>1,860</u>

The Trustees have reviewed the purposes and use of the properties of the charity during the year and concluded that some of these properties were for the sole purpose of generating funds. The prior year adjustment reflects the transfer of these properties from tangible fixed assets (see note 10).

The unlisted investments relate to the charity's 100% interest in the ordinary share capital of Pilgrim Homes Trading Ltd, a company incorporated in England. The company carries out the trading activities of the group, including the development of certain properties and the sale of books.

12. STOCK

<i>Group:</i>	<i>As at 31st March 2017</i>		<i>As at 30th September 2016</i>	
	<i>Group £000</i>	<i>Company £000</i>	<i>Group £000</i>	<i>Company £000</i>
Stock of leasehold flats held for resale	1,180	1,179	1,180	1,179
Stock of books	-	-	18	-
	<u>1,180</u>	<u>1,179</u>	<u>1,198</u>	<u>1,179</u>

Under the terms of the sale of leases at Royd Court, the Society is committed to repurchase leases should leaseholders cease to be residents. The total potential value of these is £3.7 million.

Under the terms of the sale of leases at Pilgrim Gardens, the Society is committed to repurchase leases should leaseholders cease to be residents. The total potential value of these is £0.9 million.

At the year end the group held nine flats for sale (2016: five flats). There were four purchased in the period but three of those repurchased were subsequently resold after the year end.

PILGRIMS' FRIEND SOCIETY

NOTES TO THE ACCOUNTS
FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

13. DEBTORS AND PREPAYMENTS

	<i>As at 31st March 2017</i>		<i>As at 30th September 2016</i>	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Arrears of local authority and residents' contributions	176	176	175	-
Amounts due from group entities	-	473	-	1
Amounts owed from Pilgrim Gardens service charge	15	15	-	-
Amounts owed from Royd Court service charge	29	29	-	-
Other debtors and prepayments	391	384	295	318
	<u>611</u>	<u>1,077</u>	<u>470</u>	<u>319</u>

14. CREDITORS: amounts falling due within one year

	<i>As at 31st March 2017</i>		<i>As at 30th September 2016</i>	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Residents' contributions in advance	1	-	7	-
Trade creditors	363	332	285	62
Taxation and social security	79	83	110	17
Other creditors	445	629	360	135
	<u>888</u>	<u>1,044</u>	<u>762</u>	<u>214</u>

15. ANALYSIS OF NET ASSETS BY FUND

<i>Group:</i>	<i>General Funds</i>	<i>Designated Funds</i>	<i>Restricted Funds</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Fixed assets				
Tangible	8,743	919	15,290	24,952
Investments	-	-	3,644	3,644
Current assets	(1,999)	-	9,286	7,287
Current liabilities	(888)	-	-	(888)
As at 31st March 2017	<u>5,856</u>	<u>919</u>	<u>28,220</u>	<u>34,995</u>
		See note 16	See note 17	

PILGRIMS' FRIEND SOCIETY

NOTES TO THE ACCOUNTS
FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

15. ANALYSIS OF NET ASSETS BY FUND (continued)

<i>Charity:</i>	<i>General Funds £000</i>	<i>Designated Funds £000</i>	<i>Restricted Funds £000</i>	<i>Total £000</i>
Fixed assets				
Tangible	7,388	919	537	8,844
Investments	61	-	1,799	1,860
Current assets	973	-	5,735	6,708
Current liabilities	(1,044)	-	-	(1,044)
Interfund loan	(3,000)	-	3,000	-
As at 31st March 2017	4,378	919	11,071	16,368
Assets and liabilities transferred from Pilgrim Homes to Pilgrims' Friend Society:				
	<i>General Funds £000</i>	<i>Designated Funds £000</i>	<i>Restricted Funds £000</i>	<i>Total £000</i>
Fixed assets				
Tangible	-	-	477	477
Investments	-	-	1,763	1,763
Net current assets	-	-	8,915	8,915
As at 31st March 2017	-	-	11,155	11,155

16. DESIGNATED FUNDS

<i>Group as restated:</i>	<i>Brought forward at 1st October 2016 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Revaluations and transfers £000</i>	<i>Carried forward at 31st March 2017 £000</i>
Ernest Luff Capital Reserve	919	-	-	-	919
	919	-	-	-	919
Company:	<i>Brought forward at 1st October 2016 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Revaluations and transfers £000</i>	<i>Carried forward at 31st March 2017 £000</i>
Ernest Luff Capital Reserve	919	-	-	-	919
	919	-	-	-	919

Following the transfer of the operating assets from Pilgrim Homes to Pilgrim Friends Society, the opportunity was taken to review the presentation of the funds within the accounts. A number of funds have been designated by the trustees of Pilgrim Homes. However these funds are also covered by the restrictions imposed by the Pilgrim Homes articles. It has been decided, for clarity of presentation, that the following funds should be reclassified as restricted funds in this period's accounts:

1. Operational Risk Reserve
2. Operational Assets investment fund
3. Futures Fund (as all donations made to this fund were received into Pilgrim Homes)
4. Watford Almshouses designated Fund

Ernest Luff Capital Reserve

The capital reserve fund was created on that charity's conversion to a limited company.

PILGRIMS' FRIEND SOCIETY

NOTES TO THE ACCOUNTS
FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

17. RESTRICTED FUNDS

<i>Group as restated:</i>	<i>Brought forward at 1st October 2016 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Revaluations and transfers £000</i>	<i>Carried forward at 31st March 2017 £000</i>
Funds restricted by Pilgrim Homes articles:					
Pilgrim Homes Fund	8,233	3,649	(3,519)	581	8,944
Operational Assets Equity Fund	13,900	-	-	-	13,900
Operational Risk Reserve	1,030	-	-	-	1,030
Futures Fund	650	233	-	(334)	549
St Albans Home	433	-	-	-	433
Lucy McNeil Home	1,820	2	-	-	1,822
Homes Voluntary Support Funds - see next page	229	68	-	(141)	156
West of England	109	-	-	(109)	-
Watford	499	5	(2)	79	581
Watford Almshouse Designated Fund	773	-	-	(50)	723
Total funds restricted by Pilgrim Homes articles:	27,676	3,957	(3,521)	26	28,138
Other Restricted Funds:					
NYCC Grant	1	-	-	-	1
Faith in Later Life	19	35	(3)	-	51
Homes Voluntary Support Funds - see next page	18	7	(3)	-	22
Local Homes Project Funds	22	10	-	(24)	8
Dementia Fund	23	(9)	(14)	-	-
	27,759	4,000	(3,541)	2	28,220

PILGRIMS' FRIEND SOCIETY

NOTES TO THE ACCOUNTS
FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

17. RESTRICTED FUNDS (continued)

<i>Company:</i>	<i>Brought forward at 1st October 2016 £000</i>	<i>Transfer from Pilgrim Homes £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Revaluations and transfers £000</i>	<i>Carried forward at 31st March 2017 £000</i>
Funds restricted by Pilgrim Homes articles:						
Pilgrim Homes Fund	-	5,740	1,484	(1,570)	56	5,710
Operational Risk Reserve	-	1,030	-	-	-	1,030
Futures Fund	-	650	-	(101)	-	549
St Albans	-	433	-	-	-	433
Lucy McNeil Home	-	1,821	1	-	-	1,822
Homes Voluntary Support Funds - see next page	-	198	38	-	(94)	142
Watford	-	560	3	(1)	19	561
Watford Almshouse Designated Fund	-	723	-	-	-	723
Total funds restricted by Pilgrim Homes articles:	-	11,155	1,526	(1,672)	(19)	10,990
Other Restricted Funds:						
NYCC Grant	1	-	-	-	-	1
Faith in Later Life	18	-	35	(3)	-	50
Homes Voluntary Support Funds - see next page	18	-	7	(3)	-	22
Local Homes Project Funds	22	-	10	-	(24)	8
Dementia Fund	23	-	(9)	(14)	-	-
	82	11,155	1,569	(1,692)	(43)	11,071

Pilgrim Homes Restricted Fund

This fund represents the value of assets transferred from Pilgrim Homes to Pilgrims' Friend Society. Since all profits and losses from trading accrue to this fund, the value of the fund, which must legally be used for the benefit of Protestant Christians will vary from year to year. All transactions relating to the Fund are effected using a different bank account to the one used for regular Pilgrims' Friend Society Transactions.

Operational Assets Equity Fund

Established by the trustee to reflect the value of fixed assets, principally the properties owned by Pilgrim Homes which would not be capable of disposal without affecting the ongoing work of the charity.

Operational Risk Reserve

This fund consists of funds required to ensure the continuity of care in the event of a major disruption to the operation of the charity.

PILGRIMS' FRIEND SOCIETY

NOTES TO THE ACCOUNTS
FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

17. RESTRICTED FUNDS (continued)

Futures Fund

Futures Fund: The charities' plan for 2016/17 envisages that over the next five years the group of charities will close some of their properties which do not meet current standards and provide better quality alternative accommodation. The trustees have agreed to designate all legacies received over £100,000 to this fund, which would then be available to meet the costs of redeveloping the properties owned by the charity. During the period legacies amounting to £233,000 were credited to this fund. As noted above, the trustees agreed that the acquisition of an investment property acquired at Chippenham fell within the objectives of that fund and agreed to release both the legacies acquired in the period and a further £101K to facilitate this purchase.

Ernest Luff Building Reserve

The building reserve was established to accumulate the necessary funds to provide for the continued improvement, re-building and expansion of the buildings comprising the Ernest Luff Homes. This fund was utilised in the year towards the cost of the renovation of Luff House.

St Albans, Lucy McNeil and West of England Home Funds

These funds relate to the receipt of donations and the proceeds of various fundraising activities for the purpose of establishing new homes. An opportunity arose for the purchase of a property adjacent to the site of the Leonora Care Home. The trustees decided to purchase this property, to maximise the value of the site, as part of the re-provision project. They agreed to fund the purchase of the property from funds held within the West of England Fund (£109,000) with the balance from the Futures fund (£334,000).

Watford

During 2004 the Society became responsible for the management of the various funds which constitute the Watford Tabernacle Almshouse Trust. The site has been sold with the remaining two residents being found suitable local accommodation. The remaining funds are held in a restricted fund for future development work locally by the Society.

NYCC grant (Emmaus)

This relates to £2,250 received from NYCC in the year ended 31 December 2007 for the purchase of the Conservatory Heating and a Hospital Bed and Mattress. The grant is being released at the same rate as the depreciation of the assets to which it relates, i.e 15% reducing balance basis. Therefore the deduction is the brought forward amount multiplied by 15%.

Faith In Later Life

This represents donations from the Outlook Trust and a number of partner charities for use towards the costs of the 'Faith in Later Life' initiative mentioned in the

Local Homes Project Funds

These represent the amounts raised and also spent by local homes towards specific locally agreed initiatives within specific homes.

Dementia Fund

This fund is utilised to assist in meeting the costs of new initiatives to better look after our residents with dementia.

Homes Voluntary Support Fund

These represent the amounts raised and also spent by local homes towards specific locally agreed initiatives within specific homes.

Homes Voluntary Support Fund - group:

	<i>Brought forward at 1st October 2016</i> £000	<i>Transfer from Pilgrim Homes</i> £000	<i>Income</i> £000	<i>Expenditure</i> £000	<i>Revaluations and transfers</i> £000	<i>Carried forward at 31st March 2017</i> £000
Funds restricted by Pilgrim Homes articles:						
Brighton	1	-	1	-	(2)	-
Chippenham	20	-	4	-	-	24
Great Finborough	145	-	14	-	(49)	110
Evington	34	-	15	-	(35)	14
Tunbridge Wells	1	-	-	-	-	1
Wantage	22	-	28	-	(50)	-
Shottermill	2	-	6	-	(5)	3
Bedford	4	-	-	-	-	4
Total funds restricted by Pilgrim Homes articles:	229	-	68	-	(141)	156
Other Restricted Funds:						
Ernest Luff Care	4	-	-	(3)	-	1
Bethany	2	-	-	-	-	2
Emmaus House	12	-	7	-	-	19
	247	-	75	(3)	(141)	178

PILGRIMS' FRIEND SOCIETY

NOTES TO THE ACCOUNTS
FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

17. RESTRICTED FUNDS (continued)

Homes Voluntary Support Fund

These represent the amounts raised and also spent by local homes towards specific locally agreed initiatives within specific homes.

Homes Voluntary Support Fund - group:

	<i>Brought forward at 1st October 2016 £000</i>	<i>Transfer from Pilgrim Homes £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Revaluations and transfers £000</i>	<i>Carried forward at 31st March 2017 £000</i>
Funds restricted by Pilgrim Homes articles:						
Brighton	1	-	1	-	(2)	-
Chippenham	20	-	4	-	-	24
Great Finborough	145	-	14	-	(49)	110
Evington	34	-	15	-	(35)	14
Tunbridge Wells	1	-	-	-	-	1
Wantage	22	-	28	-	(50)	-
Shottermill	2	-	6	-	(5)	3
Bedford	4	-	-	-	-	4
Total funds restricted by Pilgrim Homes articles:	229	-	68	-	(141)	156
Other Restricted Funds:						
Ernest Luff Care	4	-	-	(3)	-	1
Bethany	2	-	-	-	-	2
Emmaus House	12	-	7	-	-	19
	247	-	75	(3)	(141)	178

PILGRIMS' FRIEND SOCIETY

NOTES TO THE ACCOUNTS
FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

17. RESTRICTED FUNDS (continued)

Homes Voluntary Support Fund - company:

	<i>Brought forward at 1st October 2016 £000</i>	<i>Transfer from Pilgrim Homes £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Revaluations and transfers £000</i>	<i>Carried forward at 31st March 2017 £000</i>
Brighton	-	1	1	-	(2)	-
Chippenham	-	22	2	-	-	24
Great Finborough	-	138	9	-	(37)	110
Tunbridge Wells	-	1	-	-	-	1
Wantage	-	25	25	-	(50)	-
Shottermill	-	7	1	-	(5)	3
Mirfield	-	-	-	-	-	-
Bedford	-	4	-	-	-	4
Total funds restricted by Pilgrim Homes articles:	-	198	38	-	(94)	142
Other Restricted Funds:						
Ernest Luff Care	4	-	-	(3)	-	1
Bethany	2	-	-	-	-	2
Emmaus House	12	-	7	-	-	19
Florence House	-	-	-	-	-	-
	18	198	45	(3)	(94)	164

Homes Voluntary support funds represents donations made by supporters for the purpose of improving care at specific homes. These funds are also available, in the event that a home makes a trading loss in a financial year, to reduce the loss sustained.

18. RELATED PARTY TRANSACTIONS

Details of trustees' and key management personnel and remuneration are disclosed in note 8 to the financial statements.

PILGRIMS' FRIEND SOCIETY

NOTES TO THE ACCOUNTS
FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

19. OPERATING LEASE COMMITMENTS

At 31st March 2017 the total remaining commitments payable by the charity on operating leases were as follows:

	As at 31st March 2017			As at 30th September 2016		
	Land and buildings £000	Other £000	Total £000	Land and buildings £000	Other £000	Total £000
Within one year	17	8	25	17	7	24
Between two and five years	-	1	1	-	5	5
After five years	-	-	-	-	-	-
	<u>17</u>	<u>9</u>	<u>26</u>	<u>17</u>	<u>12</u>	<u>29</u>

The amount paid during the period on operating leases was as follows:

	6 months to 31st March 2017			18 months to 30th September 2016		
	Land and buildings £000	Other £000	Total Other	Land and buildings £000	Other £000	Total £000
	<u>34</u>	<u>4</u>	<u>38</u>	<u>28</u>	<u>15</u>	<u>43</u>

The lease over 175 Tower Bridge Road, London expired on 31 December 2014. Since that date the charity has continued to pay rent at the existing annual rate of £67,437. The charity is required to give 3 months' notice under Section 27 of the Landlord & Tenant Act 1954 to vacate the premises.

The Society makes certain ex-gratia pension payments to a small number of former employees. The annual commitment of these payments is approximately £12,000 per annum. The trustees have considered whether to accrue for this liability but, given the amounts payable, the age of those receiving a pension and the complexity of determining an appropriate reserve, no provision has been made.

20. LIFE TENANCY

In 2012 the charity was notified of a legacy which included a share of a freehold property, which is subject to a life tenancy. The conditions for recognition of this income have not been met and therefore this legacy is not included as income in the accounts. The estimated value of the legacy is unknown at present.

PILGRIMS' FRIEND SOCIETY

NOTES TO THE ACCOUNTS
FOR THE 6 MONTH PERIOD ENDED 31ST MARCH 2017

21. MERGER ACCOUNTING

As described in the Trustee's Report on page 2, the restructuring of the group took place on 1 October 2016. Therefore all income and expenditure in the current period related to post-merger activities.

Analysis of principal SOFA components for the previous reporting period:

	<i>Restated 18 month period ended 30th September 2016</i>		
	<i>APFS 1807 £000</i>	<i>Pilgrims' Friend Society £000</i>	<i>Combined total £000</i>
Total income	10,773	6,133	16,906
Total expenditure	(11,881)	(4,191)	(16,072)
Net gains/(losses) on investments	234	-	234
Net movement in funds	(874)	1,942	1,068
Funds brought forward at 1st April 2015 as restated	29,840	3,418	33,258
Funds carried forward at 30th September 2016	28,966	5,360	34,326

Analysis of net assets at the date of the merger:

	<i>Restated as at 30th September 2016</i>		
	<i>APFS 1807 £000</i>	<i>Pilgrims' Friend Society £000</i>	<i>Combined total £000</i>
Fixed assets	20,473	8,115	28,588
Net current assets	5,493	245	5,738
Long-term liabilities	3,000	(3,000)	-
Net assets	28,966	5,360	34,326
<i>Represented by:</i>			
Unrestricted funds	1,289	5,278	6,567
Restricted funds	27,677	82	27,759
Funds carried forward at 30th September 2016	28,966	5,360	34,326

22. PRIOR YEAR ADJUSTMENTS

	<i>Note</i>	<i>As at 30th September 2016 £000</i>	<i>As at 31st March 2015 £000</i>
Net assets as originally stated		33,691	32,795
Net book value of property assets transferred to investment properties	a	(849)	(860)
Fair value of above property assets	a	1,375	1,243
Correction to depreciation provided on property assets at Wantage	b	109	80
Total prior year adjustments		635	463
Net assets as restated		34,326	33,258

- a. Following a review of fixed assets, as mentioned in note 7, investment properties have been identified with a net book value of £1,375,000. This value exceeded the existing book value of those assets by £635,000.
- b. A review of the depreciation on fixed assets revealed that an incorrect depreciation rate applied to capital works carried out on the property at Wantage.

Additionally, a prior year adjustment not affecting the overall results of the charity but which is explained here includes the movement necessary to reflect the reclassification of Pilgrim Homes assets and liabilities as restricted rather than unrestricted assets. This is so that it is possible more clearly to identify the additional restrictions imposed by the assets being held under the terms of the Pilgrim Homes (formerly Aged Pilgrims' Friend Society) Trust deed and subsequent Charity Commission schemes. This includes both the property assets held by Pilgrim Homes (formerly Aged Pilgrims' Friend Society) and the operating assets held as part of the Pilgrim Homes Restricted Fund. The overall effect of this change is to recognise £22,742,000 of Pilgrim Homes net assets as restricted funds rather than unrestricted funds and this change has been reflected on the Statement of Financial Activities.

