

# **Friends of the Elderly**

*Registered charity no. 226064*

*Registered company no. 133850*

**Annual report and financial statements  
for the year ended 31 March 2024**

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# Our year in overview

Supported over 1,300 older people in our communities.

Page 3

39% increase in the value of grants and allowances given to older people in financial need.



Page 3

Strategic changes implemented, with the end of Covid restrictions allowing delayed projects to recommence.



Page 5

Closure of one care home, due to the building no longer being fit for purpose.



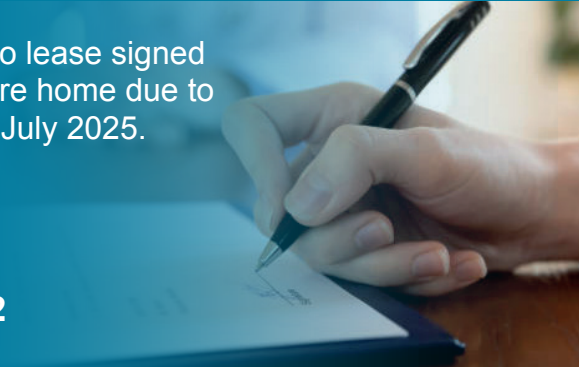
Page 5

Sale of one care home, as a fully operating care home, planned, with exchange of contracts taking place after year-end.



Page 6

Agreement to lease signed for a new care home due to be ready by July 2025.



Page 6 & 12

All homes remain at CQC inspection rating of Good or Outstanding, with the exception of one 'Requires Improvement' rating for the care home closed since year-end.



Page 8

Access to the Sir Thomas Lipton funds will support the Charity until its finances are fully recovered from the impacts of Covid, with £2.4m remaining.



Page 11

Net negative movement in funds of £168,000, but removing one-off and non-operating items the result was a £1.6m deficit.



Page 14

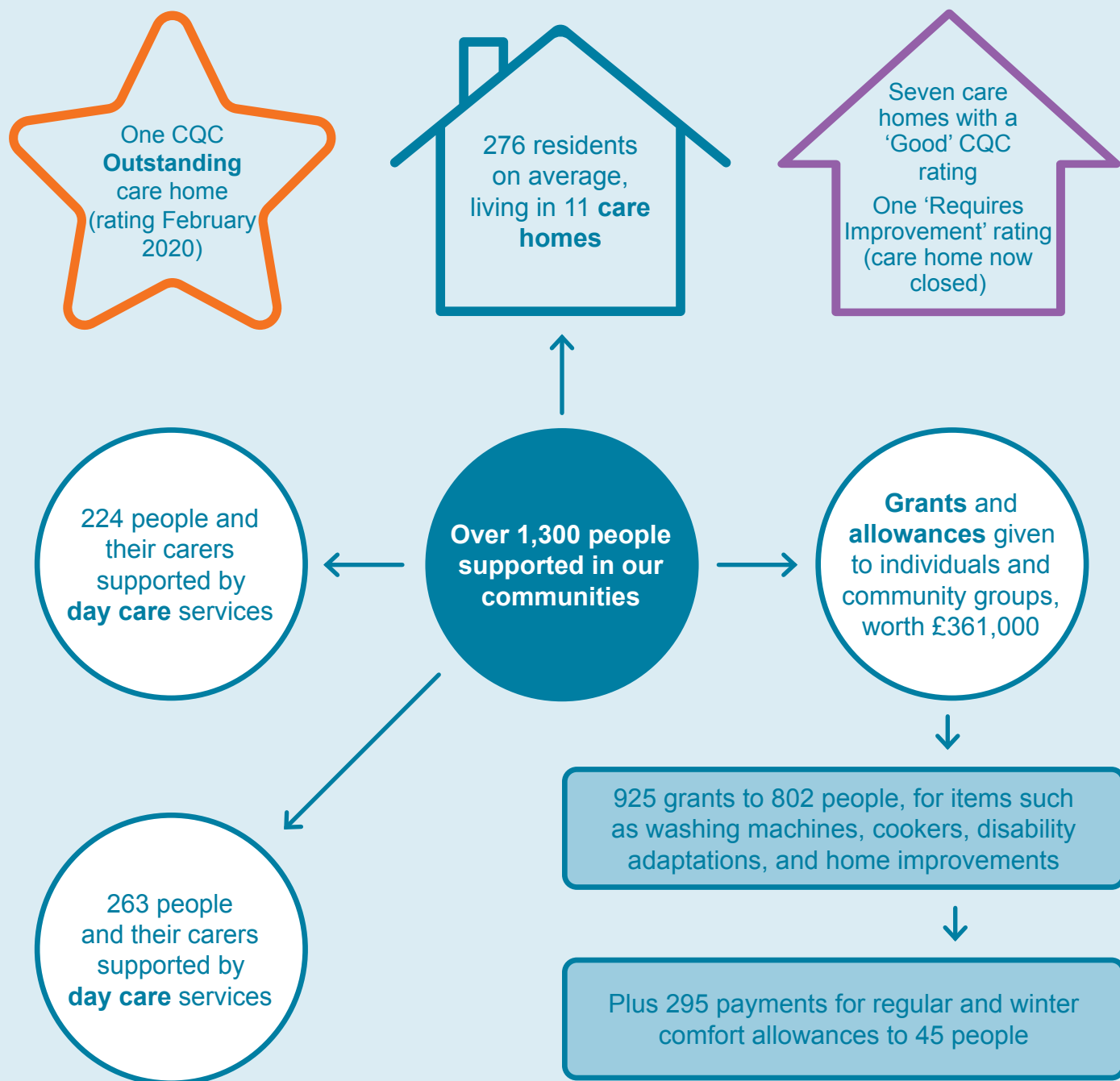
Care home occupancy fell in the year to 276 on average, potentially as economic uncertainty impacted family plans. Several care homes outperforming their pre-Covid position.



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# Trustees' Report for the year ended 31 March 2024

## People supported during the year



Supported by £752,000 in **donations, legacies and pro bono services**

# “I love my day care service because...”

“I love everybody there.”

“The staff make me feel special and always give their help and time without question.”

“Everyone is friendly and I much appreciate all the care and thoughtfulness of all who obviously enjoy looking after us.”

“It’s a happy place.”

“Everyone is kind and nothing is too much trouble. If I have a problem, you will help me sort it out. It’s that nice I don’t want to go home.”

“We have fun.”

“Each day I look forward to coming to the day care centre and seeing people that I now call friends.”



“One word, fantastic. Oh, and beautiful staff. They all treat you well, are friendly and helpful. You’re listened to, respected and they support your needs.”

“Everyone expresses themselves in different ways so we all do different activities – arts and crafts, quizzes, Bingo! – and we have discos with DJ Tony. It’s lovely to meet and mix with different people and make friends.”

## Introduction from our Board Chair

Welcome to Friends of the Elderly's annual report for the year ending 31 March 2024. I am delighted to share with you details of the impactful work that the charity has undertaken over the last year. Our focus continues to be on supporting older people to live fulfilled lives, whether they reside in our care homes, participate in activities at our day care services, or have been supported by our unique grants service. Caring for people continues to be at the heart of our charity's mission, as it has been for the past 119 years.

This year our homes and services have really developed their community relationships and have established many activities that build intergenerational connections, placing our care homes at the heart of their local communities. A lovely example was at our Luton based care home Little Bramingham Farm, where the home developed a partnership with YAWN, a local charity for young people who have learning disabilities. Our residents and the young people from YAWN have been able to work together to develop the care home's gardens, which has been an activity greatly enjoyed by all.

Our day care services are designed to promote social interaction and well-being. Everyone who attends is welcomed to join in daily activities tailored to their interests, whether it's gardening, musical movement, local outings, baking, chatting with friends, or enjoying quiet reading time. The positive feedback from our day care clients highlights how important this service is to the older people we support.

We take immense pride in the personalised care we provide at Friends of the Elderly; we believe that valuing each individual and their life experiences, choices and preferences is at the heart of providing good care. By actively listening to our residents and clients, we develop individualised care plans that honour their preferences and needs. Recognising the crucial role of friends and family, we encourage their involvement as well, and support all our residents to maintain those important connections with family and friends outside of the care home.

This level of personalised care would not be possible without our dedicated staff. I extend my heartfelt thanks to each team member for their commitment and hard work. We strive to make our staff feel valued and empowered, encouraging them to suggest ideas, solutions, and voice any concerns. Later in this report, you will find more information on our initiatives to support staff well-being, as well as our plans to further develop these initiatives.

Our unique grants service continues to offer crucial financial assistance to older people living in poverty and in need of support. In 2023-24, our Winter Appeal successfully raised £18,000 from generous donors. Combined with other donations, we were able to distribute grants totalling £58,000 to help those in need stay warm and safe over winter.

This year has also been one of transformation at the charity as we work towards enhancing our services while navigating the challenges within the care sector. We made the difficult decision to close our Bournemouth care home, the RNNH, due to the building's unsuitability for increasing care needs. Our priority was to ensure smooth transitions for the 25 residents, the annex's two tenants, and their families. The last residents moved to new homes in June 2024. We deeply appreciate the RNNH staff's unwavering support during this time.

Despite the closure, the compassion of the staff and the welcoming atmosphere at the RNNH were always evident. The RNNH was gifted to us in 2015 and our plan was always to replace the 1930s building with a purpose-built new care home at the other side of the site. However, we were held back by uncertainty over plans for the wider site around the care home. We do not have any current plans to rebuild on the site, but we remain open to future opportunities that align with our mission and further our charitable objects.

## **Introduction from Chair of Trustees (continued)**

In September 2024, we exchanged on the sale of The Old Vicarage, our 52-bed care home in Oxfordshire, ensuring minimal disruption to residents and staff by selecting a new owner who shares our values and commitment to improvement.

Looking ahead, we are excited about our strategic decision to lease new care homes in order to provide care from modern, purpose-built buildings. Leasing allows us to avoid planning issues, move forward with our plans in good time, and to continue to provide the best care we can for older people.

In March 2024 we entered into an Agreement for Lease for a 66-bed care home in Reading that is currently being built. It is expected to be complete and ready to operate in July 2025. The new care home will provide good quality accommodation, with facilities that promote independence whilst having a layout that supports quality care. We are excited for the future.

Our longer-term strategic vision also includes developing our 42-acre site in Coulsdon. Despite setbacks in planning approval for independent living homes and a community hub, we are confident in our plans and continue to pursue them, with an appeal hearing scheduled to start in March 2025.

Financially, we reported a net negative movement in funds of £168,000, inclusive of one-off gains. Our endowment fund, with £2.4m remaining, continues to provide vital support during this period of change, ensuring a stable financial future.

Our trustees, who generously volunteer their time and expertise, have been instrumental in our progress. We would particularly like to thank two of our trustees who moved on in the year. We welcomed five new trustees in May 2024, bringing diverse skills and experiences. Additionally, we extend our gratitude to Steve Allen, our outgoing Chief Executive, for his decade of leadership. Steve has led Friends of the Elderly through a period of significant change, including navigating a path through the unprecedented impact of Covid-19. Mark Wilson, Chief Operating Officer, and Jennifer Griffiths, Finance Director will serve as Interim Co-Chief Executives as we conduct our search for a new Chief Executive.

Thank you to all our supporters for their continued support and belief in our mission. Together, we are making a significant difference to the lives of the older people we support, helping them to live well in their later years.

**Chris Maidment**  
Chair



## Who we are and what we do

At Friends of the Elderly, we have been supporting people for over 100 years. Today, we provide care home and day care services for older people, as well as grants for older people in financial need. Our priority is to help older people to live well in later life. We work with partners to increase our impact and put older people at the heart of their communities.

### Our core values

- Promote **wellbeing**
- Strive for **excellence**
- Treat people with **respect**
- Keep everyone **safe**

### Our aims

- Ensure older people have access to safe, high-quality care and support services.
- Ensure older people in our communities have access to social support, activity and opportunities to combat loneliness.
- Operate services sustainably and ethically to safeguard the charity's legacy, and its future.

### Our strategic objectives

#### Achieve better outcomes for all

We will build local social support networks, making best use of the resources and assets in a local area and making sure that people who use our services have the opportunity to pursue their own interests and contribute to community life.

#### Provide outstanding care

We will deliver an outstanding service, one that is 'flexible and responsive to people's individual needs and preferences, finding creative ways to enable people to live a full life'. \*  
*(\*Taken from the Care Quality Commission definition of Outstanding).*

#### Become an employer of choice

We will offer a working environment and culture that attracts and retains the best people who champion our vision, mission and values.

#### Deliver financial sustainability and accountability

We will have the right people and resources to deliver sufficient surplus to sustain the charity's activities, allow for investment in future growth, and maintain reserves to meet the needs of our strategic aims.

As a charity, any surplus income from our paid-for services is reinvested in our other charitable activities to enable us to reach more people. We also rely on the generosity of the public, trusts, foundations, and companies to deliver these often life-changing services.

Throughout this report we refer to Friends of the Elderly as the Charity, and Friends of the Elderly and its subsidiaries as the Group. The subsidiaries are listed on page 26, none of which have carried out charitable activities during the year.



## **Objective: achieve better outcomes for all**

### **Feedback from our Day Care clients**

Our Day Care Services support older people with a range of age-related conditions, including short-term memory loss and dementia. A total of 224 people and their families were supported during the year. Like our care homes, we tailor our daily activities to meet our clients' needs, based on their favourite pastimes, preferences, hobbies and things they enjoy taking part in.

Our Day Care teams asked our clients a question – 'Why Do You Love Your Day Care?' Their answers were then written on beautifully crafted paper hearts. A few of the answers given are shown on page 4. Shirley Bradley, our Head of Day Care Services, said: *"The answers we received demonstrate just how happy and content our clients are. We couldn't ask for more. Their responses were so heart-warming and heart-felt. All our Day Care Teams are so pleased that the clients are happy, know they are well-cared for and loved – and are enjoying life, every day."*

### **Helping to keep older people warm**

Our grants programme provides financial support to older people in financial crisis. We are one of the few charities with the infrastructure to quickly and efficiently respond to urgent requests for help. Our network of Referral Agents continues to expand, and our new monitoring processes provide us with valuable feedback, as one Referral Agent told us: *"You are simply amazing. Communication with your team has been fantastic and I cannot thank you enough for the support you gave to my client when everyone, social services included, declined any support to him. Thanks!"*

During colder winter months our focus becomes helping vulnerable older people stay warm and well at home. In 2023-24 we raised £18,084 from generous donations through our Winter Appeal, and along with more general donations we were able to pass on grants worth £58,000 for this purpose. One person who received a grant was Melissa\*, age 73, who lives alone and had no way of replacing her rotting windows that were causing a bitterly cold draught. She received a grant for two new windows and said: *"The grant has made me feel relaxed and secure in my home. I am no longer worried about when the windows are going to fall out completely. The windows I have now are strong, they are going to see out the rest of my life."*

### **Intergenerational communities**

Many of our care home residents appreciate being part of their wider community, and enjoy interactions with their local communities, particularly across the generations. At Little Bramingham Farm, our care home in Luton, the team has combined with a local Musical Bumps group to introduce a new fun, interactive and engaging bi-weekly activity for the residents – Intergenerational Musical Bumps. This brings young and old generations together to make music, sing traditional songs and rhymes, with puppets, movement and action songs.

Emma Lawrance, the Registered Manager at Little Bramingham Farm, said: *"Our residents thoroughly enjoy their weekly Musical Bumps class and look forward to seeing the babies, toddlers and their families. It's wonderful to see the interactions taking place, our residents don't stop smiling the whole time. It is a beautiful way to create meaningful connections and enhance the quality of life for everyone involved."*

(\* name changed to protect identity)

## Objective: provide outstanding care

### Care quality

All of our care homes held a 'Good' rating from the Care Quality Commission (CQC) through the whole of the year, with the exception of the RNNH.

The RNNH received a 'Requires Improvement' rating in August 2023, following on from a 'Requires Improvement' rating at the previous inspection in December 2021. All items identified in 2021 had been fully resolved, however new areas for improvement were identified. The areas for improvement predominantly related to individual errors in documentation and reporting. We worked closely with the team at the RNNH and with the CQC to address all areas highlighted, resulting in the CQC reporting back that they were satisfied that these had been quickly addressed.

We monitor the quality of care in our homes through a programme of rigorous mock CQC inspections, carried out by third parties. The findings of these inspections, as well as our own internal audits and compliance reviews, are incorporated into ongoing improvement monitoring processes. Our care planning is recorded in electronic systems - improving accuracy, consistency and timeliness of information being entered. Care policies are provided by a specialist third party and incorporated into our in-house training. By ensuring that our teams have the right tools to do their work, and effective monitoring is in place to quickly identify and address any issues, our care staff and managers can concentrate on providing care to each individual resident that is centred around their wishes, needs and their personalities.

### Excellence in dementia care

Through our Dementia Education Programme, Friends of the Elderly now has 66 trained Dementia Champions who work in our care homes and day care services. Our Dementia Champions focus on encouraging independence, giving reassurance, supporting and helping, inspiring communication, creativity and interactions, and providing high quality care with dignity that meets individual needs. The programme gives staff the skills and confidence to provide better care, resulting in improved job satisfaction.

Lucy Buckle, the Deputy Manager at New Copford Place, our care home in Essex, is one of our Dementia Champions. Lucy took her work further and personally fundraised to arrange a visit from Training 2 Care UK, the UK partners of the ground-breaking Virtual Dementia Tour® (VDT®).

In the Virtual Dementia Tour attendees experienced a detailed simulation of what it is like to live with dementia. Their vision, sense of touch, movement and sound were all distorted to mirror the experiences and physical feelings of a person living with dementia - through wearing bulky gloves, special goggles, shoe insoles and sound-distorting headphones.

Daniel Sabau, the Registered Manager at NCP, said: *"Each member of the care team at NCP is passionate about their work and we are all totally focused on supporting and caring for our residents. By taking part in the Virtual Dementia Tour, we all now have a deeper understanding and comprehension of what our residents who are living with dementia experience on a daily basis which helps us to ensure we make sure that each resident has the best experience we can possibly provide, every day,"*

## **Objective: become an employer of choice**

### **Wellbeing**

We made a Wellbeing Pledge in 2020, and a wellbeing survey identified six key themes for improvement. Our wellbeing action plan and our subsequent wellbeing surveys have been shaped around these themes. The six themes are: Reward and recognition; Communication; Leadership; Physical and mental health support; Inclusion and diversity; and Benefits.

There is still a long way to go, but with support from management and a continued drive with the various initiatives we have planned, we have made good progress towards our initial pledge. Examples of work on three of these areas is summarised below.

### **Wellbeing: Reward and recognition**

In April 2023, we gave all staff a £1 an hour pay rise, irrespective of role or location. This means that the lowest paid staff had a pay rise of 10%, and although this meant a lower pay rise percentage for our higher-paid staff, we felt this was the fairest way to support all our staff with cost-of-living increases.

A monthly staff prize draw, with prizes of up to £100, provides a little fun and a talking-point.

### **Wellbeing: Communication**

Our homes and services are geographically spread out. Staff enjoy hearing about the work in different areas and gain a sense of pride from the Charity's impact. We use 'Workplace', an app run by Meta, for teams to connect, particularly sharing resident and client activities. Unfortunately, this app is being discontinued so we are looking for alternative ways for staff to easily share news. We also launched the first staff newsletter this year, with positive initial feedback.

### **Wellbeing: Inclusion and Diversity**

This is an area where the latest staff wellbeing survey highlighted further work was required. 18% of survey responders (22 people) felt they had been victims of prejudice, and only 60% of responders thought FotE demonstrates a strong commitment to meeting the needs of staff with disabilities. Where specific points raised in the survey were not given anonymously, these have been addressed individually.

Proposals being considered to address this include developing a staff council, with representatives from each service across a range of roles; a working group to identify the gaps to becoming Disability Confident; improving awareness and support for neurodiversity in the workplace; and creating an initiative about "The Reality of Care" discussing the challenges as well as the good side of care

### **Staff turnover**

We were pleased that staff turnover in the year was 21.0%, or 23.1% for care homes alone. This compares positively with the care sector average for England of 28.3%, as reported by Skills for Care. Agency use in care homes fell by a third compared to the previous year. This is mostly due to the better staff retention and recruitment, although also partly due to lower occupancy in some care homes meaning fewer staff are needed on shift on occasion.

## **Objective: deliver financial sustainability and accountability**

### **Operating results**

Further information on our financial results is given on pages 13 to 20. We have recorded operating losses since the start of Covid-19 - first due to not taking new resident admissions for two months and higher operating costs, and later due to the longer-term impact on occupancy and the delay to some of our strategic plans. In the short-term we have sufficient funding from the Sir Thomas Lipton (STL) fund. The STL fund was previously endowed but the Charity Commission allowed us to access it to support our current care homes. The STL funds remaining as at 31 March 2024 were £2.4m.

As explained on page 5 of this report, we are selling The Old Vicarage (as an operating care home) and closed the RNNH, in September and June 2024 respectively. This removes our two loss-making care homes. Our Malvern site has also been under-performing since the pandemic, and we completed a management restructure in autumn 2023 and winter 2024 to improve the way the three homes on the site operate.

We are also marketing for sale a house on the edge of the site of one of our care homes, in Haslemere. This house was used for staff accommodation, but once separated from our care home is estimated to be worth in excess of £900,000. Its sale does not impact on the running of the care home or the grounds available to residents and their visitors.

While there are additional costs in the coming year (2024-25), in particular from the closure of the RNNH, these changes put us on a more stable financial footing for the future and provide funds for future reinvestment in our charitable services.

Further information on investing in our future is given on page 12.

### **Central support team – adapting to new ways of working**

In March 2024, Friends of the Elderly was able to surrender the lease for its central London Ebury Street offices - the charity's home for more than 100 years. The location in Belgravia was an appropriate place to work for the original charity. Friends of the Poor – as it was then called – started in 1905 supporting people in the area local to Ebury Street, on the border between wealthy homes and areas of poverty. Fundraising events often took place in neighbouring homes of the upper classes, on occasion with royal guests. The five-storey Georgian town house – in fact two houses knocked into one – was far less suited to modern working, but the benefit of our below-market rent was too good to give up.

Covid-19 brought new flexible ways of working: even once lockdowns ended we continued to support members of the central and regional teams to work regularly at home when they were not visiting our services, meaning fewer desks and offices were needed; and our paperwork has gone digital.

Our head office has now moved to The Bradbury Centre, home to our Woking Day Centre and next door to the Bernard Sunley Care home. As well as providing an ongoing financial saving of around £100,000 per annum, our central support team will have more opportunity to mix with staff, residents and clients from our Woking services, promoting a better understanding of our work.

We received a £650,000 lease surrender premium in March 2024. Since the year-end, this has been partly spent on refurbishment works to adapt the Woking office space.

## Future plans

### Investing in the future: a new care home

Many of our care homes operate from buildings that were originally left to Friends of the Elderly as legacies, extended and improved over time. The buildings are often in glorious grounds and have a character all their own, providing a real home from home. However, we need to complement these care homes with new buildings that are designed for modern care. Leasing new care homes allows us to start this more quickly, rather than wait for costly and time-consuming planning applications. Leased care homes come with a cost – rent that increases in line with inflation each year – but in the early years this is no greater than interest on a loan that would be required if we built a new care home, and with less risk from a tried and tested model.

In March 2024 we were delighted to sign an Agreement to Lease a new care home in Calcott, on the outskirts of Reading. The 66-bed home will provide excellent facilities in a building design that helps us to provide good quality care - for example wide corridors, wet rooms, accessible gardens, and a variety of communal areas to support different activities. The location is also easily accessible for potential staff, and we hope to be part of a wider community. The care home is expected to be ready to use in summer 2025. We will start our marketing and recruitment work well in advance of the opening.

### Making better use of our facilities to support our communities

We have four day care services near our care homes, but for the majority of our care homes there is no comparable local support for older people living in their own homes. Homecare services often only provide brief visits to make meals or give medication, leaving older people isolated. Our day care services provide company, community, and engaging activities. For this reason, we are looking to expand our day care services into our care homes and will run a pilot in the coming year. The number of attendees will depend on the communal space available in each care home and be balanced with the needs of our care home residents. This service can also support relatives to have a 'day off' if they are feeling tired from their caring responsibilities, or they just want to go out for lunch with friends and not worry. Unlike our existing day care services, we would be able to accept last minute bookings, subject to availability, and including a lunch club and half day options.

Another plan to support our local communities is to pilot a bathing service to people living outside of our care homes. Many homes are not equipped to support people with limited mobility to have a relaxed bath or shower, and so we would like to provide our facilities and bathing assistance to older people living independently or with family members.

We also plan to extend our care home respite care offer. Usually, respite is for a week or more, but we plan to provide short-term respite or emergency respite care of as little as one night. Caregivers themselves often face challenges in managing their own well-being while providing care around the clock, and may have their own health issues. There is very little support for emergency short stay respite in social care.

### Developing our grants service

Our plans include reviewing our evaluation questionnaire to ensure we are asking the most appropriate questions. Where we have given higher level grants of up to £1,000, we will monitor the impact they have had, and review the current £400 grant limit. We plan to undertake targeted outreach to new Referral Agents, based on areas of highest deprivation in England and Wales, and consult with Referral Agents to ensure that we are offering them a service which is as effective and simple to use as possible.

## **Fundraising activities**

Although the Charity has a high value of net assets, the majority of these are invested in care home properties and equipment and the working capital needed for our services, or are funds endowed for specific purposes. Fundraising income allows us to further enhance the lives of older people.

Donations, legacies, and the value of pro bono services received totalled £752,000 in the year (2022-23, £2.0m, including a one-off £1.0m for grant-making over the next 10 years). The generosity of all our supporters is very much appreciated.

Donations come from trusts, foundations and businesses, and individual donations.

The Charity subscribes to the voluntary Fundraising Regulator scheme. We have not received any complaints in this accounting period relating to fundraising practices (2022-23: none). We have in place a policy on fundraising in respect of vulnerable people. We do not employ professional fundraisers to carry out fundraising on our behalf. We also ensure our fundraising practices comply with General Data Protection Regulation (GDPR) policies and procedures.

## **Grant making**

Our grants programme provides financial help in the form of grants and regular allowances – a lifeline to older people with nobody else to turn to. Generous donations from individuals, trusts and companies help us to fund the grants and the related administration.

We currently have four types of grant available: Home Essentials, Digital Connection, Financial Support, and Essential Living Costs. Between them, they cover a wide variety of things including mobility and disability adaptations, broadband costs and IT equipment, replacing essential appliances, and repairing heating systems. We are experiencing increased demand for help with affording simple but vital day to day items, like medicine and transport to medical appointments, bedding and clothing.

Our online grants portal streamlines the process for applications, which are made on behalf of older people by Referral Agents, reduces errors and avoids missing information. We gave 1,220 grants and allowances in total in the year with a value of £361,000 (2022-23: 1,070 grants and allowances of £260,000).

When considering whether to provide a grant, we obtain evidence of the recipient's financial situation to ensure they meet our criteria and consider the impact the grant will make. Wherever possible, we signpost applicants to other potential sources of funding.



## Financial Review

### Financial results

The Charity recorded a net negative movement in funds of £168,000 (2022-23: a negative movement in funds £1.7m). However, the underlying operating deficit was £1.6m (2022:23 operating deficit of £1.8m), once we remove one-off or non-operational items:

	<b>2023-24</b>	<b>2022-23</b>
	<b>£</b>	<b>£</b>
<b>Reported result</b>	<b>(168,000)</b>	<b>(1,674,000)</b>
<b>of which:</b>		
<i>Non-operating items</i>		
Investment market gains/(losses)	1,033,000	(873,000)
Lease surrender premium net gain	631,000	-
<i>One-off items</i>		
Redundancy provision (RNNH)	(112,000)	-
Asset impairment/ disposal (RNNH, Ebury Street)	(146,000)	-
Exceptional donation for future use	-	1,000,000
<b>Underlying operating deficit</b>	<b>(1,574,000)</b>	<b>(1,801,000)</b>

The redundancy provision is for redundancies announced in March 2024 at the care home which closed in June 2024.

Our care home operations have the most significant impact on the Charity's operating results. The operating deficit arises due to lower care home occupancy in certain homes, with an average of 276 residents in the year (2022-23: 289). Care home resident enquiries and admissions were high in summer and autumn 2022, and occupancy returned briefly to our break-even point before the usual winter dip in occupancy. Enquiries then fell sharply in spring 2024, in common with the care sector generally. We think this may have been due to economic pressures, high increases in care fees due to inflation, and an uncertain housing sales environment causing families to pause and reconsider their options.

The majority of our care homes have returned to - or improved on - their pre-Covid financial results, and their income covers their costs and their share of central costs. However, in 2023-24 we had challenges at three care homes in particular. This included the RNNH, which closed in June 2024. At other care homes we have been addressing the local issues, but change often brings short-term disruption and higher costs.

While inflationary cost increases were a challenge in the year, we missed the highest energy prices due to the timing of our fixed rate contracts. However, energy costs remain nearly double the rates from before the worldwide energy cost crisis, and we have needed to pass this on to residents through fee increases.

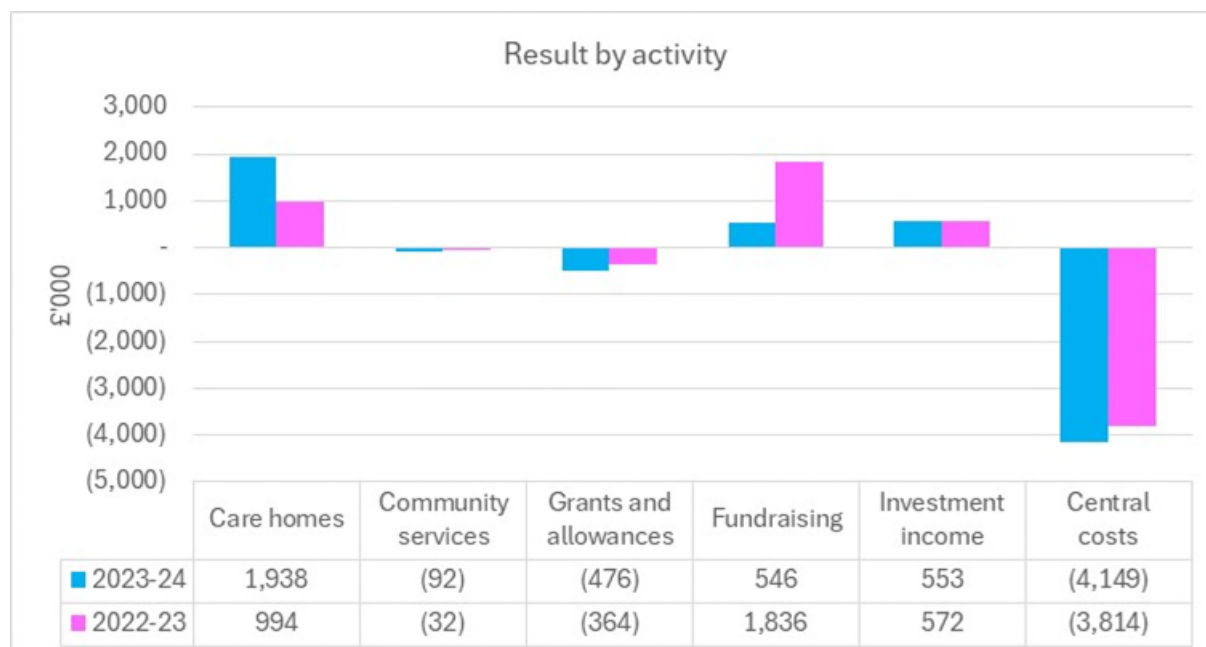
As we reported last year, we have been able to access funds from our linked charity, the Sir Thomas Lipton Charity (STL). We withdrew £1.5m of STL's investments in the year to fund the operating losses. As at 31 March 2024, £2.4m of the STL funds remain (within restricted funds).



**Financial Review (continued)**

**Results by activity**

The graph below shows the result by activity before central support costs are allocated.



While care home performance has improved by nearly £1.0m on the previous year, the reported care home result is still negative after allocation of central support costs.

‘Community services’ relates to day care services. The average number of daily clients fell from 47 in 2022-23 to 42 in 2023-24. This fall was largely due to a lack of Local Authority referrals, as council budgets came under pressure.

The value of grants given increased from £259,000 to £361,000, as we spent funds donated in previous years. In addition we incurred grants administration team costs of £115,000. The costs of the grants themselves are covered by generous donations and investment income from endowments given to the Charity for this purpose. In recent years we have received increased donations that specifically support the costs of the grants administration team, and this is very much welcome. With individual grants being relatively small amounts, the cost of the grants administration team may appear relatively high per one pound given. This is necessary to ensure the right people are receiving the right grants, as well as often helping grant recipients by identifying other ways we can provide financial support, or signposting them to other services via the third party referrers who process applications.

Fundraising income in the year was £752,000. This appears to be a significant fall compared to 2022-23 (£2.0m of income), but 2022-23 included a £1.0m one-off donation for future grant-giving. The figure shown in the graph is net of fundraising team costs.

Central support costs of £4.1m were 8.5% higher than the previous year (£3.8m). A number of cost savings were offset by: high inflation; one-off costs relating to Ebury Street clearance and removal costs; professional and legal fees regarding the Agreement for Lease for the planned new care home; and additional money invested in care home marketing to address low enquiries earlier in the year.

## Financial Review (continued)

### Investments

Investment income shown in the graph on the previous page includes income from rental accommodation (the majority of which is staff accommodation). Excluding rental income and bank interest, investment income was £466,000 (2022-23 £523,000).

Investments comprise a mixture of endowed, restricted, and unrestricted assets. The income from endowed funds is spent in accordance with the restrictions placed on the endowment, and principally relates to funds for grants and for care home upkeep.

We recorded actual (realised) gains on investment withdrawals of £49,000 in the year (2022-23: realised losses of £143,000). Unrealised gains from market value changes as at 31 March 2024 were £985,000 (2023: unrealised losses of £730,000). Between March and June 2024 the market value of investments increased by a further £48,000 (0.4%).

The trustees employ separate investment fund managers on a discretionary basis to manage the portfolio of investments. Their work is undertaken within broad investment parameters and principles set by the trustees which take into account acceptable levels of risk and the balance between income and capital requirements. Investment managers during the year were Legal & General Investment Management (LGIM) and CCLA Investment Management Ltd (CCLA).

### Investment performance 2023-24

	CCLA	LGIM		Total
	Investment funds	Cash funds		
	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2023</b>	<b>8,724</b>	<b>5,099</b>	<b>45</b>	<b>13,868</b>
Additions	500	-	-	500
Disposals (carrying value)	(1,456)	(420)	-	(1,876)
Unrealised gains on revaluation	706	277	2	985
<b>Balance at 31 March 2024</b>	<b>8,474</b>	<b>4,956</b>	<b>47</b>	<b>13,477</b>
Investment income	247	217	2	466
Realised gains/ (losses) on disposal	54	(5)	-	49
Income return 2023-24	3%	4%	4%	3%
Capital return 2023-24	9%	5%	4%	8%
<b>Cumulative capital return over 5 years</b>	<b>30%</b>	<b>10%</b>	-	<b>21%</b>
<b>Cumulative target return (RPI + 3%) over 5 years</b>				<b>55%</b>

The Charity's investment strategy is to target a capital return of 3% plus RPI on a rolling five-year basis, and annual investment income of 3%. The funds the Charity invests in have strategies which align with this aim as closely as possible, but do not match it exactly. Over the 2022-23 financial year, high inflation and economic volatility meant the target capital return increased significantly while the investments returned capital losses. CCLA was above our target capital return until this time, and closed the gap to the target during 2023-24, but remains below target based on the last five years. The LGIM funds have a portfolio structure that does not match so well with our investment strategy, but it does deliver higher income returns than target.

Investment managers provide quarterly reports and attend an annual meeting with trustees to review performance. The Charity's investment policy does not allow any investment that is known to conflict with our aims or values. This is managed through the appointment and review of investment managers, and by the investment strategies of the two funds.

## Financial Review (continued)

### Investment property

Properties classified as investment property are those which are capable of being let to third parties. These are houses on care home sites, or on the edge of care home sites, held for strategic reasons. They are carried on the balance sheet at an estimate of their market value, being £2.8m as at 31 March 2024 (2023: £2.8m).

Investment properties are revalued by the trustees every three years, with an annual review undertaken as to whether there are any indicators of material changes in value. Investment properties were last formally valued in 31 March 2022, using local estate agents and comparing to sold prices of the most comparable properties. The trustees have determined that there is no material change in value between March 2022 and March 2024.

### Tangible fixed assets – risk of impairment

Assets are reviewed annually for indicators of impairment. Where homes are performing below their potential, there is a risk that the carrying value of our care home properties is higher than their realisable value. Their 'realisable value' is the higher of 'fair value' (the amount a property could be sold for, either as a going concern or otherwise) less costs of sale; or 'value in use' (replacement cost of the asset discounted for its current age and condition). To assess the market value of each of our care homes, we have referred to full or desktop valuations carried out by property valuation specialists during the financial year, and considered other factors such as past formal valuations, and the potential for occupancy recovery. An impairment charge of £74,000 for fixtures and fittings expected to be disposed of at the RNNH was booked in the year (2022-23: no impairment charges). There was no impairment charge for the RNNH freehold land and building, as the carrying value had been impaired to the underlying value of the land in a previous year.

### Pension schemes

The Charity operates a defined benefit pension scheme which closed to new members and future accruals in 1996. The actuarial valuation of this scheme, in accordance with the applicable financial reporting standard, values the scheme at a net surplus of £18,000 (2022: net surplus of £37,000). This is an asset that cannot be recognised on the Group's balance sheet. The Charity currently pays annual contributions of £10,000 to the scheme. The investments of the pension scheme are matched to the risks associated with the liabilities.

The Charity is also a member of two multi-employer defined benefit pension schemes. The overall provision of £9,000 (2023: £24,000) is the net present value of future deficit contributions payable to the schemes.

### Funds

The Charity holds the following types of funds:

- **Restricted funds** are held and used in line with the wishes of the donors of those funds. The trustees of the Charity do not have discretion in the use of these funds.
- **Endowment funds** are held to generate income that is used per the wishes of the original donor. For permanent endowments, the capital value of these funds needs to be maintained. An expendable endowment fund is a fund that must be invested to produce income; however, it can be converted into an income fund and spent.

## Financial Review (continued)

- **Unrestricted funds** can be used for any purposes in accordance with the Charity's objects, but also provide funding for future investment, and financial support in the event of unforeseen or significant changes in the Charity's activities or results. This includes designated funds, the pension reserve (representing the pension provision), and general reserves which represent the remainder of unrestricted funds.
- **Designated funds** comprise unrestricted funds that have been set aside by the trustees for particular purposes. The designated fund represents the net book value of the fixed assets, net of long-term borrowings used exclusively for the construction, acquisition, or operation of any residential homes; and the costs of any extra care development, net of related borrowings.

The split of net assets into fund category is shown below. 'Group' balances comprise the Charity and its subsidiaries Potential Limited and Friends of the Elderly Trading Limited.

	<b>Group 2024 £'000</b>	<b>Group 2023 £'000</b>	<b>Charity 2024 £'000</b>	<b>Charity 2023 £'000</b>
Restricted funds	4,773	6,072	4,773	6,072
Endowments	9,599	9,587	9,599	9,587
<i>Unrestricted funds:</i>				
Designated funds	18,712	18,571	18,864	18,693
General reserves - revaluation reserve	2,495	2,495	2,495	2,495
General reserves - other	2,655	1,692	2,664	1,700
Pension reserve	(9)	(24)	(9)	(24)
<i>Total unrestricted funds</i>	<u>23,853</u>	<u>22,734</u>	<u>24,014</u>	<u>22,864</u>
<b>Total charity funds</b>	<b><u>38,225</u></b>	<b><u>38,393</u></b>	<b><u>38,386</u></b>	<b><u>38,523</u></b>

## Reserves policy

Our reserves policy focuses on the level of general reserves. We need to hold general reserves so that we can maintain continuity of our services in the event of a decrease in income or unexpected expenditure. The reserves policy is reviewed by trustees on an annual basis.

General reserves are unrestricted funds that have not been designated for particular purposes by the trustees. They include the revaluation reserve, arising on valuation of investment properties above their original cost. The reasons for holding an appropriate level of general reserves are to:

- maintain adequate working capital, particularly during a time of redevelopment of the residential portfolio;
- ensure sufficient funds are available to allow the Charity to honour its commitments to its service users and beneficiaries; and
- ensure that regular, efficient, grant-making can continue.

## Financial Review (continued)

The trustees have set a target level of reserves after considering key financial risks, in particular the financial risk linked with a long period of low occupancy and also building on the Charity's experience of operating through the pandemic. This gives a target range of general reserves of between £3.0m and £4.35m (excluding investment properties). The target range is unchanged since March 2023, with inflation offsetting the reduction in risk from closure of one care home. While £3.0m is the minimum needed to meet working capital requirements until such time as a major strategic change could be made, a higher reserves balance of £4.35m would allow for future re-investment in our services.

<b>Charity reserves</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Target general reserves - maximum	4,350	4,350
Target general reserves - minimum	<b>3,000</b>	<b>3,000</b>
General reserves reported	5,159	4,195
General reserves less investment property	<u><b>2,323</b></u>	<u><b>1,359</b></u>

General reserves are shown above excluding investment property (at carrying value), because these are houses on care home sites that cannot be sold quickly (access and legal separation from the care home land title would be required), and one of these houses cannot be sold separately to the care home itself (although it can be let to third parties and so meets the Charity's accounting policy definition of investment property). Excluding this, general reserves are below the minimum target at the end of the year.

'Free' reserves, further excluding tangible and intangible fixed assets as well as investment property, are £2.2m (2023: £1.1m). This fluctuates due to working capital requirements and market gains and losses on investments in stocks and shares.

Although general reserves appear to be below target, this does not take into account the £2.4m of funds held within restricted funds that are available to support future care home operations, which are held in restricted funds until withdrawn. This means our real position of accessible funds is in excess of the current 'maximum', and gives the Charity the financial resilience and the time to recover care home occupancy and improve financial results.

## Going concern

The trustees have assessed the ability of the Charity and Group to continue as a going concern. The assessment considers the risks and uncertainties that could impact on the ability of the Charity and Group to continue as a going concern for at least the 12-month period from approval of the financial statements.

In reaching their conclusions, trustees have reviewed budgets, formal forecasts, cash flow and reserves forecasts, contingency plans, and availability and liquidity of assets. Forecasts extend beyond the minimum 12-month period required for the going concern evaluation, to March 2026, and are stress-tested through modelling a range of adverse scenarios and potential mitigating actions.

In 2020 and 2022, the Charity Commission approved two separate applications from the Charity to release endowed capital of STL to support our operational costs. STL is a charity linked to Friends of the Elderly, and Friends of the Elderly is the sole trustee.

## **Financial Review (continued)**

The Charity can access funds as long as they are used to support the original beneficiaries of STL – nurses, healthcare or social care workers, followed by any other older person in need. The Charity gives priority to potential care home residents based on those criteria whenever there is a waiting list for admission. As at 31 March 2024, £2.4m remains accessible from these funds. This has a significant and beneficial impact on the assessment of going concern.

### **Going concern – key risks and uncertainties**

We have found through Covid that the biggest impact on our finances is having to continue to operate through a general ‘crisis’ in social care, rather than the potential of an isolated issue at one care home resulting in closure.

Adverse scenarios have been prepared to model the impact of different reductions in occupancy, and to develop contingency plans which set out the actions that would be required in each scenario. The adverse scenarios also include the impact should the sale of The Old Vicarage not complete – although contracts were exchanged in September 2024, no such transaction is certain until legal completion.

### **Going concern – conclusions**

The scenarios used to stress-test management forecasts show at what level of depleted care home occupancy the Charity would need to sell assets (such as investment property) to continue as a going concern until at least March 2026. The Charity has significant assets, which mitigates concerns from a going concern perspective. One house on the edge of a care home site is being marketed for sale at the time of preparing this report, and the sales proceeds could be diverted from their intended purpose should adverse events occur

The trustees consider that there are no material uncertainties about the Charity’s and Group’s ability to continue as a going concern. The trustees have a reasonable expectation that the Charity and Group have sufficient resources and reserves to continue in operational existence for at least 12 months from the approval of the financial statements, and therefore the going concern basis is adopted in the financial statements.

## **Principal risks and uncertainties**

The trustees hold overall ownership of risks. Trustees, in conjunction with the Senior Leadership Team (SLT) and the Senior Management Team (SMT), have identified and reviewed the major risks to which the Group is exposed, and systems are in place to manage such risks.

The trustees have a policy to embed effective risk management throughout the Group such that risks are identified, mitigated, and communicated, and good risk management practice is shared across the organisation. Risks are allocated between the three board committees. The Risk Register, including amendments from the committees, is reviewed by the board of trustees annually. The Audit and Risk Committee performs more detailed examination of key risk areas and management responses. Day-to-day management of risk is delegated to the Chief Executive, the SLT, the SMT, and registered managers.

The main risks and the mitigating actions are shown on the pages that follow.



**Principal risks and uncertainties (continued)**

<b>Risk</b>	<b>Mitigating actions</b>
<p><b>Safeguarding failure</b></p> <p>Abuse or negligence by staff, volunteers or third parties.</p>	<ul style="list-style-type: none"> <li>• A permanent Standards and Performance (SAP) team, including responsibility for quality assurance and internal audit.</li> <li>• Safeguarding policies and their application annually reviewed by independent external experts. Staff and volunteer safeguarding training. Safeguarding Adults Sub-Committee meets quarterly, led by an independent Chair.</li> <li>• Policies to investigate complaints raised by people who draw on our services. Whistleblowing procedures for staff and volunteers.</li> <li>• Subscriptions to a full suite of policies and procedures from a third-party platform, which are written and reviewed by specialists and kept up to date by an internal review panel.</li> </ul>
<p><b>Financial failure –</b> increased risk as a result of current low occupancy</p>	<ul style="list-style-type: none"> <li>• Access to capital of £2.4m approved by the Charity Commission.</li> <li>• Budgeting and re-forecasting, with scenario planning, reviewed by board of trustees to identify if and when further mitigating actions are required. Key Performance Indicators and Management Information provided quarterly to SLT and trustees.</li> <li>• Trustees have reviewed the Reserves Policy in the current year (discussed further on pages 18-19), and the level of general reserves against target is monitored at least annually.</li> </ul>
<p><b>Significant pandemic or infectious disease outbreak at a care home or a service</b></p>	<ul style="list-style-type: none"> <li>• Local written response plan for each care home and service. Charity-level response and business continuity plans. Covid lessons learnt incorporated into plans.</li> <li>• Policies on actions to take during such an outbreak</li> <li>• A significant network of connections and key relationships to draw upon and share current and emerging best practice, including active membership of the National Care Forum and Care England.</li> <li>• Pre-employment and periodic verification of accreditations of clinical nursing staff. Training in clinical risks for staff and volunteers. Liaison with Integrated Care Boards and community health teams. Several months' stock of Personal Protective Equipment held at a central location</li> </ul>
<p><b>Failure to comply with legislation or regulatory requirements</b></p>	<ul style="list-style-type: none"> <li>• Care quality policies, procedures and protocols established and kept under review.</li> <li>• Quality assurance programme embedded and ongoing to monitor compliance and completion of actions from previous assessments. Individual lessons learned from each regulatory inspection captured and disseminated.</li> </ul>



## Principal risks and uncertainties (continued)

<b>Risk</b>	<b>Mitigating actions</b>
<b>Failure to comply with legislation or regulatory requirements (continued)</b>	<ul style="list-style-type: none"><li>• Assurance processes in place for regulatory areas including governance, data and cyber security, and health and safety.</li></ul>
<b>Premises are unusable or dangerous (in the short-term)</b>	<ul style="list-style-type: none"><li>• Business continuity plans are in place. Insurance policies are in place.</li><li>• Comprehensive property compliance system in place, overseen by central Estates and Facilities team.</li><li>• Primary Authority Partnership actively maintained with Surrey Fire and Rescue Service. Fire awareness and evacuation training for staff. Annual Fire Risk Assessments carried out by external risk management specialists with action plans implemented.</li><li>• Health and Safety obligations overseen by SAP team, including regulatory/ statutory obligations. Risk assessments carried out in line with policies. Health and Safety Sub-Committee meets quarterly.</li></ul>
Due to serious damage (e.g., fire or flooding) or other unexpected problems (e.g. adverse weather).	

## Employees and volunteers

### Equal opportunities

Friends of the Elderly strives to treat all staff equally and be a diverse and inclusive workplace, where everyone can be themselves and everyone accepts each other's differences; a charity where everyone is equal but definitely not the same.

Our ambition is to ensure equality and celebrate diversity, all of us working together to create an inclusive workplace, which attracts and retains the best people; people who care and can make a difference. We are committed to listening, learning, and improving our workplace. We ask all our staff, and provide them with the opportunity, to make a personal commitment to educate themselves and engage in conversations with colleagues, so that we can all learn, share our stories, and treat everyone equally.

Our Equality, Diversity and Inclusion Policy sets out our approach to ensure that all our staff can work in an environment that is free from harassment and discrimination and receive equal treatment, regardless of any protected characteristics. The policy applies to all aspects of employment within the Charity, including recruitment, pay and conditions, training, appraisals, promotion, conduct at work, disciplinary and grievance procedures, work-related events, and termination of employment.

We encourage applications from people with disabilities, aiming to develop their skills, and taking every reasonable measure to adapt our premises and working conditions to enable people with disabilities to work or volunteer with us.

## Employees and volunteers (continued)

### Key management personnel

Key management personnel comprise the Group's SLT, the SMT, and trustees, although trustees are not remunerated other than the payment of reasonable expenses.

Pay and remuneration for the Charity's key management personnel are set by reference to internal and external benchmarks. Internal benchmarks align pay with the level of responsibility, while external benchmarks consider published data for comparable roles in comparable-sized organisations. Changes to pay are approved by the Chief Executive, other than those relating to the Chief Executive and SLT which are approved by the Board of Trustees on the recommendation of the Remuneration and Employment Committee.

Any significant changes in structure or amount of key management personnel pay and remuneration (either in total or for an individual) are considered by the Remuneration and Employment Committee for recommendation to the Board.

### Staff and volunteer engagement

There are many formal and informal arrangements for keeping staff up-to-date and able to engage with matters of concern to them as employees:

- All managers hold regular, structured meetings with their staff, to provide an opportunity for communication of information and discussion of events as they develop. Regular meetings are held both within and across managers from different teams.
- 'Workplace', the secure internal communications tool from Facebook, is reaching more staff and helps keep teams connected and aware of the wider activities of the Charity.
- Volunteers are informed of Charity updates both informally via their service manager on a regular basis, and with a Charity-wide newsletter. A Volunteering Handbook provides information, advice, and guidance on safeguarding.

The trustees consider employee interests as a key factor in decision-making. On some occasions the trustees need to make decisions that are in the best interests of the Charity, even though this may have a negative impact on some employees, in which case action is taken to manage or mitigate this.

## Engagement with stakeholders

Our stakeholders include (but are not limited to) care home residents, day care clients, their families and friends, employees and volunteers, grant recipients and their referral organisations, donors, local communities, suppliers and contractors, regulators and professional associations, and other business partners.

These stakeholders are all different in terms of the communication and engagement required of the Charity. Our social media keep a range of stakeholders and supporters abreast of day-to-day activities in our services. There is also a monthly newsletter, which is emailed to subscribers, published on social media, and given to relevant service users, families and friends. Each service provides more specific information to their stakeholders through local newsletters, resident meetings, family meetings, and stories in the local media.

### **Engagement with stakeholders (continued)**

The Charity's internal Marketing and Communications team provides support in preparing communications on specific topics.

Key suppliers are identified and have one or more individual contacts within the Charity for communication and escalation of any queries or problems.

The Charity's Safeguarding Adults Sub-Committee includes representatives from people who use our services and their families. Residents and their families are consulted about any substantial changes to our services.

### **Promoting the success of the charity**

The Charity is required to explain how it has complied with its duties under Section 172(1) of the Companies Act 2016. For a charitable company this requirement means that trustees must act in the way they consider, in good faith, to be most likely to achieve the Charity's charitable purposes, and to explain how they have complied with these duties.

The Charity's aims are its charitable objects. Our strategy sets out how we will achieve these, including strategic objectives. Our aims and objectives are set out on page 7, and a summary of the number of people supported is on page 3.

The Charity's decision-making process is a good example of the way in which the trustees act in a way that aligns the Charity's longer-term strategy with shorter-term decisions, while taking account of charitable purposes and key stakeholders.

The Charity has a formal project management process, through which the SLT may assess which decisions or project proposals (due to size, value or impact) are taken to the trustees for approval. As part of the project process, there are decision-making criteria, including the strategic fit, impact on beneficiaries, alternative partners, impact on staff and other stakeholders, internal skills and capacity, data security implications, and governance considerations. As part of the wider project process, this ensures that each trustee acts in the way that they consider will be most likely to promote the success of the Charity to achieve its charitable purposes. The decision to close The RNNH was made by trustees in line with this project proposal process, in particular considering the impact on residents, staff and families, and the risks of both closure and continuing to operate the care home.

### **Health and safety**

The health and safety of our staff and the people to whom we provide care and support services are of primary importance. During the year, health and safety risk assessments and audits were completed by an external specialist team, overseen by our in-house Standards and Performance and Estates and Facilities teams.

A Health and Safety Sub-Committee meets quarterly. It comprises SMT members and representatives from our different service areas and Central Office, chaired by the Charity's Chief Executive, providing a forum for staff issues and any concerns to be raised. Our external risk management specialist contractors attend meetings and report on any issues arising from visits to services and other locations. Training is provided to all staff as appropriate to their role. The Health and Safety Sub-Committee reports to the Audit and Risk Committee quarterly, keeping trustees updated on health and safety matters across the organisation, including compliance, regulation, policies and procedures, issues, and actions.

## Carbon emission reporting

Energy is a major cost for the Charity. We gather information on energy use to comply with regulation, but also to help us measure energy efficiency measures and help to reduce our impact on climate change. Our energy use in the year to 31 March 2024 and the previous year was as follows:

	Energy consumption kWh		Greenhouse gas emissions	
	2023-24	2022-23	2023-24	2022-23
Gas	7,102,413	7,449,848	1,434	1,490
Electricity	1,714,247	1,769,820	328	342
Transport	91,367	90,726	20	21
<b>Total</b>	<b>8,908,027</b>	<b>9,310,394</b>	<b>1,782</b>	<b>1,853</b>
Per full time employee	23,018	24,437	4.6	4.9
Per care home resident	32,275	32,105	6.5	6.4

The calculation method conversion of the data for reporting is the UK Government GHG Conversion Factors for Company Reporting (version 2.0).

Where possible, care home equipment is upgraded to improve efficiency, such as LED lighting or modern heating boilers and optimised controls for lighting and plant rooms. Where appropriate, we continue to upgrade care home sites to operate Building Management Systems (computer-based systems to control and monitor energy use). Continued improvements of this nature reduce energy consumption and improve energy performance. In 2023-24 and 2024-25 energy fixed price contracts have been chosen to remove uncertainty and allow for financial planning.

The Charity plans to establish an energy management strategy, including technical solutions, staff engagement, supply chain, future property design, and monitoring and communication – towards a net-zero future as part of its approach to the Environmental, Social and Governance agenda. Future new buildings will make large strides towards the Charity's overall energy efficiency.

## Governance report

### The Charity's constitution

The Charity was formed as a Trust in 1905, incorporated as a company limited by guarantee in 1914, and registered as a charity in 1964.

The governing document of the Charity is its Memorandum and Articles of Association.

The Charity is governed by trustees, who are members of a Board of Trustees and who are also directors of the company for Companies Act purposes. All trustees are unremunerated, save for reasonable expenses, for the work they do as trustees of the Charity. The trustees are listed on page 29.

### Group structure

Friends of the Elderly is the parent company for a number of subsidiaries. These different entities together are referred to as the Friends of the Elderly Group (the Group) and consolidated results for the Group are shown in these accounts. The Group includes the following subsidiaries:

### Governance report (continued)

- **The Retired Nurses National Home (the RNNH).** The RNNH charity was dormant during the year. The care home it operated was transferred to Friends of the Elderly on 31 March 2019, along with other assets and liabilities. The care home continued to be run under the objects of this charity, which was originally established for the care of retired nurses, until its closure in June 2024. Friends of the Elderly is the sole company member and appoints the RNNH's trustees.
- The beneficial ownership of the RNNH's endowed care home rests with the charity **The Retired Nurses National Home 1937**. In 2019, this charity was linked to Friends of the Elderly, as part of the integration process.
- **Potential Limited.** This is the Charity's property development company and is a limited company. It is wholly owned by the Charity, but also has its own Board of Directors who are officers or directors of Friends of the Elderly.
- **Friends of the Elderly Trading Limited.** This limited company is currently dormant but has been retained for possible future use.

**Friends of the Elderly Pension and Life Assurance Scheme (1978) (Closed).** The Charity's defined benefit pension scheme, which was closed in 1996, has its own trustee board. This is not considered to be part of the Group and has not been included in the consolidated figures in these accounts. Any deficit arising on the scheme is included as a liability of the Charity, but a scheme surplus is not recognised as an asset of the Charity, as the surplus does not belong to the Charity.

### Trustees and their support

To ensure that the Charity's trustees govern this Group structure effectively, a number of processes, procedures and support systems are in place:

- Trustees are appointed by the Board of Trustees of the Charity. They are also directors for the purpose of company law.
- Trustees are appointed for a term of three years, which is usually renewed for a further three years. After the completion of six years, trustees are eligible for re-election on an annual basis for a maximum of three further years.
- All new trustees take part in a formal induction programme and regular training.
- The trustees meet at least four times a year. Board committees scrutinise and oversee matters relating to audit and risk, resources and investment, service delivery, board nominations, and remuneration and employment.
- Board meetings and committee meetings were adapted to respond to the Covid-19 pandemic and Charity response, including virtual meetings using Microsoft Teams and support for trustees to join, for those unfamiliar with the technology. Additional board meetings were held in the early months to keep trustees up-to-date, and to obtain board approvals as appropriate for decisions and key policies.
- The board carries out an annual self-evaluation exercise, including skills audit, with an independent evaluation every three years.
- Trustees have applied the Charity Governance Code, however application is not a one-off event and requires continual commitment to the principles of the Code.

### **Trustees and their support (continued)**

- One example of continuous improvement relating to the Charity Governance Code is the safeguarding review carried out by a third party in the year, with actions undertaken to address the findings overseen by the board-appointed Safeguarding Adults Sub-Committee who then report to the board.
- The day-to-day management of the Group is delegated to the Chief Executive and other senior members of management who constitute the Senior Leadership Team and the Senior Management Team, supported by heads of department.

The Charity has a dedicated full-time Charity Secretary whose team ensures that governance is given a high priority and provides support to trustees to help them to carry out their duties effectively. The Charity holds professional indemnity insurance in respect of all trustees, committee members, and staff.

### **Public benefit**

The Charities Act 2006 requires a charity's purpose to be for the public benefit. Trustees must report on how they have carried out their charity's charitable purposes for the public benefit in the reporting year. A charity's purpose is what it has been set up to achieve – the aims of Friends of the Elderly are explained on page 7, along with the strategic objectives through which the aims will be achieved.

Pages 8 to 11 of this report explain the Charity's activities and achievements in the year, and link these to the furtherance of the Charity's strategic objectives. The trustees confirm they have taken into account the guidance produced by the Charity Commission on public benefit and are able to state that all of the relevant activities of the Group are carried out for the public benefit.

### **Basis of preparation**

The annual report for the year ended 31 March 2024 is presented together with the consolidated financial statements of the Charity and its subsidiaries (together the Group). The strategic report for the Group is incorporated into the trustees' report.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, '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)', and FRS 102.

The trustees' report also includes the administrative information on page 29.

### **Statement of trustees' responsibilities**

The trustees (who are also directors of Friends of the Elderly for the purposes of company law) are responsible for preparing the trustees' annual 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 which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:



### Statement of trustees' responsibilities (continued)

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Statement of disclosure of information to auditors

So far as each of the trustees is aware at the time the report is approved:

- there is no relevant audit information of which the Group's auditors are unaware, and
- the trustees have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The trustees' annual report, which includes the strategic report, was approved by the board of trustees on 10 October 2024 and signed on its behalf by:

Chris Maidment  
**Chair**

Registered Charity no. 226064  
Registered Company no. 133850



## Administrative information

### Charity name

Friends of the Elderly

### Registered office

The Bradbury Centre  
Smiles Place  
Woking, Surrey  
GU22 8BJ

### Registration numbers

Charity No. 226064  
Company No. 133850

### Company Secretary

Soo Smith

### Trustees

Nick Avery (*appointed 23 May 2024*) 1  
Martin Beecroft 4  
Sonia Campbell 4  
Rob Chapman 1  
Emily DeAbaitua 1 (*to 18 October 2023*)  
David Deacon 1  
Craig Duncan (*appointed 23 May 2024*) 3  
Paul Foster 1, 3  
Rikki Garcia 2, 3 (*to 31 March 2024*)  
Louisa Hogarty 2, 4  
Lee Houghton (*appointed 23 May 2024*) 4  
Chris Maidment (*Chair*) 2  
Emily Makinson (*appointed 23 May 2024*) 3  
Simon J. Passman (*Vice Chair*) 2, 3  
Sharon Prosser 4  
Lindsay Rees (*appointed 23 May 2024*) 4

1. *Member of Audit and Risk Committee*
2. *Member of Chair's, Nominations, and Remuneration and Employment Committees*
3. *Member of Resources and Investment Committee*
4. *Member of Service Delivery Committee*

### Senior Leadership Team

Steve Allen (*Chief Executive*) (*to 31 August 2024*)  
Jennifer Griffiths (*Finance Director, and Interim Co Chief Executive from 1 September 2024*)  
Soo Smith (*Charity Secretary*)  
Mark Wilson (*Chief Operating Officer, and Interim Co Chief Executive from 1 September 2024*)

### Senior Management Team

Janet Hawthorn (*Standards and Performance Director*)  
Cheryl Rothschild (*Care Homes Director*)

### Statutory auditors

Saffery LLP  
71 Queen Victoria Street  
London EC4V 4BE

### Bankers

HSBC plc  
89 Buckingham Palace Road  
Belgravia  
London SW1W 0QL

### Investment managers

Legal & General Investment  
Management  
One Coleman Street  
London EC2R 5AA  
  
CCLA Investment Management  
Limited  
80 Cheapside  
London EC2V 6DZ

### Solicitors

Anthony Collins Solicitors LLP  
134 Edmund Street  
Birmingham B3 2ES

## **Independent auditors' report to the members of Friends of the Elderly**

### **Opinion**

We have audited the financial statements of Friends of the Elderly (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the consolidated statement of cash flows and notes to the financial statements, including 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 affairs of the group and the parent charitable company as at 31 March 2024 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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.

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

## **Independent auditors' report to the members of Friends of the Elderly (continued)**

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 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 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.

### **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 which includes the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Directors' Report and the Strategic Report has been prepared in accordance with applicable legal requirements.

### **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 and Strategic Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 require 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.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities set out on pages 27 to 28, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

## **Independent auditors' report to the members of Friends of the Elderly (continued)**

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

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

We have been appointed as auditors under the Companies Act 2006 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the group and parent 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the group and parent charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent charitable company by discussions with trustees and updating our understanding of the sector in which the group and parent charitable company operate.

Laws and regulations of direct significance in the context of the group and parent charitable company include the Companies Act 2006 and guidance issued by the Charity Commission for England and Wales.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the parent charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities (including the Care Quality Commission) to identify potential material misstatements arising. We discussed the parent charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

## **Independent auditors' report to the members of Friends of the Elderly (continued)**

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent 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 parent charitable company and the parent charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

.....  
Cara Turlington (Senior Statutory Auditor)  
for and on behalf of Saffery LLP  
Chartered Accountants  
Statutory Auditors

71 Queen Victoria Street  
London, EC4V 4BE

Date:

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

**Consolidated statement of financial activities for the year ended  
31 March 2024 (incorporating the consolidated income and expenditure account)**

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total Funds 2024 £'000	Total Funds 2023 £'000
<b>Income from:</b>						
<i>Donations and legacies</i>	4	-	-	-	-	1,000
Exceptional income						1,031
Other donations and legacies		338	414	-	752	2,031
		<u>338</u>	<u>414</u>	<u>-</u>	<u>752</u>	<u>2,031</u>
<i>Income from charitable activities:</i>	8					
Residential care		20,037	-	-	20,037	18,405
Community services		703	-	-	703	760
		<u>20,740</u>	<u>-</u>	<u>-</u>	<u>20,740</u>	<u>19,165</u>
Investment Income	5	290	348	1	639	638
Other income	6	631	-	-	631	7
<b>Total</b>		<u>21,999</u>	<u>762</u>	<u>1</u>	<u>22,762</u>	<u>21,841</u>
<b>Expenditure on:</b>						
<i>Raising funds:</i>	8					
Fundraising costs		280	54	-	334	266
Investment management costs		115	-	-	115	81
		<u>395</u>	<u>54</u>	<u>-</u>	<u>449</u>	<u>347</u>
<i>Charitable activities:</i>	8					
Residential care		20,926	812	-	21,738	20,812
Community services		1,016	30	-	1,046	1,023
Community engagement		-	3	-	3	3
Grants and allowances		150	421	-	571	447
Other expenditure	6	146	-	-	146	-
		<u>22,238</u>	<u>1,266</u>	<u>-</u>	<u>23,504</u>	<u>22,285</u>
<b>Total</b>		<u>22,633</u>	<u>1,320</u>	<u>-</u>	<u>23,953</u>	<u>22,632</u>
<b>Net (expenditure) before gains/(losses) on investments</b>	9	<b>(634)</b>	<b>(558)</b>	<b>1</b>	<b>(1,191)</b>	<b>(791)</b>
Net gains/(losses) on investments	15	271	285	477	1,033	(873)
<b>Net income/ (expenditure)</b>		<b>(363)</b>	<b>(273)</b>	<b>478</b>	<b>(158)</b>	<b>(1,664)</b>
<b>Other recognised gains/(losses)</b>						
Actuarial (losses) on defined benefit pension scheme	20	(10)	-	-	(10)	(10)
Transfers between funds	22	1,492	(1,026)	(466)	-	-
<b>Net movement in funds</b>		<b>1,119</b>	<b>(1,299)</b>	<b>12</b>	<b>(168)</b>	<b>(1,674)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward	22	22,734	6,072	9,587	38,393	40,067
<b>Total funds carried forward</b>	22	<b>23,853</b>	<b>4,773</b>	<b>9,599</b>	<b>38,225</b>	<b>38,393</b>

The consolidated statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities. Results for 2023 by fund are disclosed in note 2.

The notes on pages 37 to 66 form part of these financial statements.

## Group and Charity balance sheets as at 31 March 2024

		Group 2024 £'000	Group 2023 £'000	Charity 2024 £'000	Charity 2023 £'000
<b>Fixed assets</b>	<i>Notes</i>				
Intangible assets	13	42	30	42	30
Tangible assets	14	21,776	21,943	21,928	22,065
Investments	15	16,313	16,704	16,323	16,714
<i>Total fixed assets</i>		<u>38,131</u>	<u>38,677</u>	<u>38,293</u>	<u>38,809</u>
<b>Current assets</b>					
Debtors	16	2,806	1,904	2,774	1,894
Cash at bank and in hand		2,511	2,549	2,457	2,541
<i>Total current assets</i>		<u>5,317</u>	<u>4,453</u>	<u>5,231</u>	<u>4,435</u>
<b>Creditors</b>					
Amounts falling due within 1 year	17	(3,891)	(3,382)	(3,806)	(3,366)
<b>Net current assets/ (liabilities)</b>		<u>1,426</u>	<u>1,071</u>	<u>1,425</u>	<u>1,069</u>
<b>Total assets less current liabilities</b>		<u>39,557</u>	<u>39,748</u>	<u>39,718</u>	<u>39,878</u>
<b>Creditors</b>					
Amounts falling due after more than one year	18	(1,211)	(1,331)	(1,211)	(1,331)
Provisions for liabilities	19	(112)	-	(112)	-
<b>Net assets excluding pension liabilities</b>		<u>38,234</u>	<u>38,417</u>	<u>38,395</u>	<u>38,547</u>
<b>Defined benefit pension scheme liability</b>	20	(9)	(24)	(9)	(24)
<b>Total net assets</b>		<u><b>38,225</b></u>	<u><b>38,393</b></u>	<u><b>38,386</b></u>	<u><b>38,523</b></u>
<b>The funds of the charity:</b>					
Restricted funds	22	4,773	6,072	4,773	6,072
Endowments	22	9,599	9,587	9,599	9,587
<i>Unrestricted funds:</i>					
Designated funds	22	18,712	18,571	18,864	18,693
General reserves - revaluation reserve	22	2,495	2,495	2,495	2,495
General reserves - other	22	2,655	1,692	2,664	1,700
Pension reserve	22	(9)	(24)	(9)	(24)
<i>Total unrestricted funds</i>		<u>23,853</u>	<u>22,734</u>	<u>24,014</u>	<u>22,864</u>
<b>Total charity funds</b>	22	<u><b>38,225</b></u>	<u><b>38,393</b></u>	<u><b>38,386</b></u>	<u><b>38,523</b></u>

The notes on pages 37 to 66 form part of these financial statements. As permitted by S408 Companies Act 2006, the Charity has not presented its own income and expenditure account and related notes. The Charity's net expenditure for the year is £137,000, which includes net gains on investments of £1,033,000 (2022-23: net expenditure of £1,653,000, including net gains on losses of £873,000).

The financial statements were approved by the Board of Trustees on 10 October 2024 and were signed on their behalf by:

Chris Maidment, *Chair*



## Consolidated statement of cash flows for the year ended 31 March 2024

	Notes	2024 £'000	2024 £'000	2023 £'000	2023 £'000
<b>Cash flows from operating activities:</b>					
Net cash (used in) operating activities	24		<u>(1,662)</u>		<u>(1,591)</u>
<b>Cash flows from investing activities:</b>					
Dividends, interest and rents from investments		639		638	
Interest payable		(101)		(68)	
Purchase of intangible fixed assets		(21)		(1)	
Purchase of property, plant and equipment		(834)		(1,207)	
Purchase of investments		(500)		(14)	
Proceeds from sale of investments		1,925		2,350	
Proceeds from lease surrender		631		-	
Proceeds from sale of property, plant and equipment		9		7	
Proceeds from sale of services		-		100	
<b>Net cash provided by investing activities</b>			<u>1,748</u>		<u>1,805</u>
<b>Cash flows from financing activities:</b>					
Repayments of borrowings		(124)		(134)	
Receipt of endowment		-		1,000	
<b>Net cash used in financing activities</b>			<u>(124)</u>		<u>866</u>
Change in cash and cash equivalents in the year			(38)		1,080
Cash and cash equivalents at the beginning of the year			2,549		1,469
<b>Cash and cash equivalents at the end of the year</b>			<u>2,511</u>		<u>2,549</u>
Cash and cash equivalents comprise the following:					
Cash			<u>2,511</u>		<u>2,549</u>

### Analysis of net debt

	At 1 April 2023 £'000	Cash flows £'000	Other non- cash changes £'000	At 31 March 2024 £'000
<b>Cash and cash equivalents</b>				
Cash	2,549	(38)	-	2,511
<b>Borrowings</b>				
Debt due within one year	(137)	124	(120)	(133)
Debt due after one year	(1,331)	-	120	(1,211)
	<u>(1,468)</u>	<u>124</u>	<u>-</u>	<u>(1,344)</u>
<b>Net funds</b>	<u>1,081</u>	<u>86</u>	<u>-</u>	<u>1,167</u>

### Analysis of net debt for the prior year

	At 1 April 2022 £'000	Cash flows £'000	Other non- cash changes £'000	At 31 March 2023 £'000
<b>Cash and cash equivalents</b>				
Cash	1,469	1,080	-	2,549
<b>Borrowings</b>				
Debt due within one year	(148)	134	(123)	(137)
Debt due after one year	(1,454)	-	123	(1,331)
	<u>(1,602)</u>	<u>134</u>	<u>-</u>	<u>(1,468)</u>
<b>Net (debt)/ funds</b>	<u>(133)</u>	<u>1,214</u>	<u>-</u>	<u>1,081</u>

## **Notes to the financial statements for the year ended 31 March 2024**

### **1. Principal accounting policies**

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

#### **(a) Basis of accounting**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Friends of the Elderly meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value except where otherwise stated in the relevant accounting policy notes.

Friends of the Elderly is a registered charity (number 226064) and a registered company (number 133850) limited by guarantee incorporated in England and Wales. The registered office is The Bradbury Centre, Smiles Place, Woking, Surrey GU22 8BJ.

#### **Going concern**

The trustees have assessed the ability of the Charity and Group to continue as a going concern. The assessment considers the risks and uncertainties that could impact on the ability of the Charity and Group to continue as a going concern for at least the 12-month period from approval of the financial statements. In reaching their conclusions, trustees have reviewed budgets, formal forecasts, cash flow and reserves forecasts, contingency plans, and availability and liquidity of assets. Forecasts extend beyond the minimum 12-month period required for the going concern evaluation, to March 2026, and are stress-tested through modelling a range of adverse scenarios and potential mitigating actions.

In 2020 and 2022, the Charity Commission approved two separate applications from the Charity to release endowed capital of STL to support our operational costs. STL is a charity linked to Friends of the Elderly, and Friends of the Elderly is the sole trustee. The Charity can access funds as long as they are used to support the original beneficiaries of STL – nurses, healthcare or social care workers, followed by any other older person in need. The Charity gives priority to potential care home residents based on those criteria whenever there is a waiting list for admission. As at 31 March 2024, £2.4m remains accessible from these funds. This has a significant and beneficial impact on the assessment of going concern.

#### **Going concern – key risks and uncertainties**

We have found through Covid that the biggest impact on our finances is having to continue to operate through a general ‘crisis’ in social care, rather than the potential of an isolated issue at one care home resulting in closure. Adverse scenarios have been prepared to model the impact of different reductions in occupancy, and to develop contingency plans which set out the actions that would be required in each scenario. The adverse scenarios also include the impact should the sale of The Old Vicarage not complete – although contracts were exchanged in September 2024, no such transaction is certain until legal completion.

#### **Going concern – conclusions**

The scenarios used to stress-test management forecasts show at what level of depleted care home occupancy the Charity would need to sell assets (such as investment property) to continue as a going concern until at least March 2026. The Charity has significant assets, which mitigates concerns from a going concern perspective. One house on the edge of a care home site is being marketed for sale at the time of preparing this report, and the sales proceeds could be diverted from their intended purpose should adverse events occur

## **1. Principal accounting policies (continued)**

### **Going concern – conclusions (continued)**

The trustees consider that there are no material uncertainties about the Charity's and Group's ability to continue as a going concern. The trustees have a reasonable expectation that the Charity and Group have sufficient resources and reserves to continue in operational existence for at least 12 months from the approval of the financial statements, and therefore the going concern basis is adopted in the financial statements.

### **(b) Consolidation**

The financial statements consolidate the results of Potential Ltd, the Retired Nurses National Home (the RNNH), and Friends of the Elderly Trading Ltd, all of which are wholly owned subsidiaries of Friends of the Elderly (the Charity).

### **(c) Fund accounting**

**Unrestricted funds** are those funds that are readily available for the use of the Charity, as the Charity's trustees see fit. These are made up of general reserves, designated funds, and a pension reserve.

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

**Designated funds** comprise unrestricted funds that have been set aside by the trustees for particular purposes. The designated fund represents the net book value of the fixed assets, net of long-term borrowings used exclusively for the construction, acquisition or operation of any residential care homes, and the costs of any extra care development, net of related borrowings.

**Restricted funds** are funds which are to be used in accordance with specific restrictions imposed by the donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aims and uses of the various restricted funds are set out in the notes to the financial statements. Restricted funds in the Group balance sheet also include the reserves of a subsidiary where its objects are more specific than those of the parent charity.

**Endowment funds** are restricted funds and comprise properties used for specific purposes and investments where only the income generated can be expended. The aims and uses of these funds are set out in the notes to the financial statements. Investment income and investment gains or losses are allocated to the appropriate fund.

**Expendable endowment funds** are included within endowed funds. They differ from permanent endowments in that the capital can be spent as well as the income, subject to specific restrictions. Capital spent is shown as a transfer to restricted funds, with the expenditure then being recorded as restricted fund expenditure.

### **(d) Income**

Resident, service user and statutory fees, grants, management fees and investment income are accounted for when receivable. Income received in advance of the related services being performed is deferred.

Legacies are accounted for when it is probable that they will be received. Receipt is normally probable when: there has been grant of probate; the executors have established that there are sufficient assets in the estate, after settling any liabilities, to pay the legacy; and any conditions attached to the legacy are either within the control of the Charity or have been met.

## **1. Principal accounting policies (continued)**

### **(d) Income (continued)**

Donations are accounted for when received and related gift aid when receivable.

Income includes grants receivable from the government, including Covid-19 support for the Adult Social Care sector. Government grant income and related expenditure are recognised gross. When there are conditions attached with the expenditure, the income is recognised to the extent that these conditions have been fulfilled and the charity has entitlement to the income. The related expenditure is also in restricted funds, but within charitable activities.

### **(e) Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

Any redundancy or other costs relating to termination of employment are recognised when the employee or group of employees are informed of the relevant consultation process and the redundancy is sufficiently probable.

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

### **(f) Support costs**

Support costs are those functions that assist the work of the Charity but do not directly undertake charitable activities. Support costs include management and administration costs incurred in Central Office, costs incurred by staff with regional responsibilities and governance costs which support the Group's charitable activities. These costs have been allocated between expenditure on raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 8.

### **(g) Donated services and facilities**

Donated professional services and donated facilities are recognised as income when the Charity has control over the item, any conditions associated with the donated item 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. An equivalent amount of expenditure is also recognised when the service or facility is used.

In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised. The contribution made to the Charity by volunteers is discussed in more detail in the trustees' report.

### **(h) Intangible fixed assets and amortisation**

Intangible assets are capitalised at cost, including any incidental external expenses of acquisition or construction. Amortisation is charged so as to write off the full cost of the assets less their residual values on a straight-line basis over the following expected useful economic lives:

Computer software: 3 years

## **1. Principal accounting policies (continued)**

### **(i) Tangible fixed assets and depreciation**

Tangible fixed assets costing more than £1,000 are capitalised and included at cost, including any incidental expenses of acquisition. Depreciation is not charged on freehold land or on expenditure on assets in course of construction or not yet in use.

Depreciation on other tangible fixed assets is charged on a straight-line basis so as to write off the full cost or valuation less their estimated residual values over their expected useful economic lives at the following rates:

Leasehold buildings (over 50 years):	50 years
Leasehold buildings (under 50 years):	Over term of lease
Fixtures and fittings:	3 to 10 years
Office and domestic equipment:	3 to 10 years
Motor vehicles:	4 years
Computer equipment:	3 years

Depreciation on freehold and long leasehold property is charged so as to write off the full cost or valuation of individual components less their estimated residual values on a straight-line basis over the following expected useful economic lives:

Structure and external fabric:	50 years
Roofs:	50 years
Lifts:	15 years
Bathrooms:	15 years
Central heating systems:	25 years
Kitchens:	15 years
Windows and doors:	25 years
Electrical wiring:	25 years

Residual values for care home structure and external fabric is based on sector information on the marketable value of older care homes, and inflated when past data is used. Residual values for other assets are deemed to be nil.

Interest costs relating to borrowings for property development are capitalised, up until the date the asset comes into use.

### **(j) Impairment of fixed assets**

Assets are reviewed annually for indicators of impairment. Indicators would include: evidence of obsolescence or physical damage to the asset, evidence that an asset's market value has declined significantly, or evidence from internal reporting that the economic performance (cash flows and operating results) of an asset is, or will be, worse than expected.

Where there is an indicator of impairment, an impairment review is performed to identify the recoverable amount of an asset. If the recoverable amount of an asset is less than its carrying value, and this is considered to be a permanent impairment, then an impairment loss is recognised to reduce the carrying value of the asset to its recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Its fair value is the asset's market value either as a going concern or if sold for alternative use. Value in use is calculated the replacement cost of the asset discounted to reflect its current age and condition (the depreciated replacement cost).

## **1. Principal accounting policies (continued)**

### **(k) Investment properties**

Investment properties are properties that are within or adjacent to the Charity's care homes which are capable of being rented out to third parties.

Investment properties are capitalised at valuation and are not depreciated. The difference between historical cost and valuation is included within the revaluation reserve. Investment properties are generally revalued every three years, with an annual review undertaken as to whether there are any indicators of material changes in value.

### **(l) Other investments**

Investments in stocks and shares are valued at the mid-market price ruling at the balance sheet date. Unlisted investments comprise investments in managed funds and are valued at the market price per unit of the fund at the balance sheet date. This gives rise to unrealised gains or losses which are included in the statement of financial activities. Realised gains or losses on disposal arise on the difference between the sales proceeds and carrying value which are also included in the statement of financial activities.

Investments in subsidiaries are held at cost, less any provision for impairment.

### **(m) Debtors**

Trade and other debtors are recognised at the settlement amount due, less an allowance for any doubtful debts. Prepayments are valued at the amount prepaid net of any discounts due.

### **(n) Resident deposits**

Care home residents may pay a deposit on admission to a care home, which is fully refundable on departure less any amounts owed at that date. Resident deposits received are included within unrestricted cash but are held within a separate bank account. Resident deposits are also included within creditors. Receipts and payments of resident deposits are not reflected in the income and expenditure of the Group.

### **(o) Cash at bank and in hand**

Cash at bank and cash in hand include cash and any deposits with a short maturity of three months or less from the date of opening of the deposit or similar account. It includes cash within the investment portfolio that is not held for reinvestment.

### **(p) Creditors and provisions**

Creditors and provisions are recognised where there is a present obligation resulting 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 normally recognised at their settlement amount after allowing for any trade discounts due.

### **(q) Financial instruments**

Basic financial assets, including trade and other receivables, and cash and bank balances, are initially recognised at transaction price. Such assets are subsequently carried at the amortised cost using the effective interest method, less impairment.

Other financial assets, including investments in equity instruments which are not subsidiaries, are initially measured at fair value, with subsequent changes in fair value recognised in the statement of financial activities

## **1. Principal accounting policies (continued)**

### **(q) Financial instruments (continued)**

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Basic financial liabilities, including trade and other payables, and loans from third parties are initially recognised at transaction price.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Debt instruments include bank loans. These are subsequently carried at amortised cost using the effective interest rate method.

### **(r) Operating leases**

Rentals under operating leases are charged to the statement of financial activities as they fall due.

### **(s) Pension schemes**

Prior to 1 October 1996 the Charity operated a defined benefit pension scheme; the benefits of the employees in this scheme have been preserved.

The pension liabilities and assets are recorded in line with FRS102, with a valuation undertaken by an independent actuary. FRS102 measures the value of pension assets and liabilities at the balance sheet date and determines the benefits accrued in the year and the interest on assets and liabilities.

The value of benefits accrued is used to determine the pension charge in the statement of financial activities and the expected return on scheme assets and the interest cost on scheme liabilities are allocated across the appropriate income/ expenditure categories.

The change in value of assets and liabilities arising from asset valuation, changes in benefits, actuarial assumptions, or change in the level of deficit attributable to members, is recognised in the statement of financial activities within actuarial gains/losses on defined benefit pension schemes. The resulting pension liability or asset is shown on the balance sheet.

Since 1 October 1996 the Charity has operated a defined contribution scheme, the assets of which are held in an independently administered fund. Contributions are charged to the statement of financial activities as they become payable.

Since 1 April 2008 the Charity has participated in the Scottish Voluntary Sector Pension Scheme and the CARE Pension Scheme, both of which are multi-employer defined benefit schemes. It is not possible for the Charity to obtain sufficient information to enable it to account for these schemes as defined benefit schemes. Therefore, it accounts for the schemes as if they were defined contribution schemes and recognises only the present value of future deficit recovery contributions as a provision. This provision forms part of unrestricted funds.

Where pension scheme costs are charged to the statement of financial activities in relation to service during the year, the costs are allocated to the relevant activities and funds (unrestricted or restricted) in the same way as costs relating to the relevant employees. Where pension scheme costs are incurred in relation to past employment, these costs are allocated to unrestricted expenditure within the relevant activity of the employees (some of whom may be former employees).



## **1. Principal accounting policies (continued)**

### **(s) Key judgements and estimates**

There are additional uncertainties with recent volatility in the UK economy, with the potential to impact on judgements and estimates at year-end, or to result in future material changes in asset values. This includes changes in the care sector, care home development and resale market, residential property market, and stock markets. The trustees have considered up to date information and data from a range of sources, where they impact on key judgements and estimates, up to the date of approval of the financial statements.

#### **The review of impairment indicators and assessment of impairment loss**

Impairment indicators include the financial performance of a service (in particular, individual care homes) compared to expectations, any recent third-party valuations compared to carrying value, and the basis of those valuations compared to any more recent results. The risk of impairment of the Charity's fixed assets, including care homes and related fixtures and fittings, is increased as a result of the losses being made by the Charity.

Where there are impairment indicators for individual care homes, the recoverable value of the home is assessed. The fair value of the home, less costs to sell, is considered, where we have third party information on its market value, updated to reflect recent operating result of the care home. This is compared to the value in use based on depreciated replacement cost. The key estimate in depreciated replacement cost is the cost to build an equivalent asset. Depending on the nature of the building, either general market information is used, or more specific guidance is obtained from care sector experts.

If an impairment is considered to be permanent, then an impairment loss is recognised. If it is considered to be temporary – with a reasonable expectation that it will reverse within a set period of time - then no impairment charge is booked but future performance is monitored to compare against the basis of the original conclusion.

Further risk relates to planning application costs, in particular for the Coulsdon Integrated Retirement Community application that was refused by the council in June 2023, with the planning appeal public inquiry adjourned in March 2024. We are confident of the strength of our application and the public inquiry is to be re-started with a new planning inspector, starting in March 2025. We are confident that the project still has value, therefore no impairment is considered necessary (see note 14).

Impairment charges of £74,000 were recognised in the year (2023: none) in relation to fixtures and fittings in the RNNH, as it is due to close. The net book value of the freehold building had been written down to the underlying value of the land in a prior year, so no impairment charges in relation to the building were required.

#### **Pension Schemes**

Key areas of judgement that impact on the valuation of defined benefit pension scheme assets and liabilities are: discount rates; inflation rates; mortality assumptions and life expectancies; and expected return on scheme assets. These assumptions are reviewed and approved by the trustees, based on information provided by the scheme actuaries. The area of estimation for the multi-employer pension schemes is the discount rate applied to future contributions. The future contributions are now less than £3,000 per annum, payable for a further three years, so this discount rate is no longer a key judgement.

#### **Tangible fixed assets and depreciation**

Note 1(h) sets out the basis of depreciation. Key judgements are the useful economic lives of assets, and the residual value of structure and external fabric of freehold and long leasehold properties at the end of their lives. Useful economic lives are based on known replacement timelines for individual elements of a property, such as central heating systems, lifts, and bathrooms.

## 1. Principal accounting policies (continued)

### (t) Key judgements and estimates (continued)

Useful economic lives are based on experience of our older care homes. Residual values for the fabric and structure of care homes are based on sector information on the marketable value of older care homes.

### Investment property valuations

Investment properties are revalued by trustees every three years, with an annual review undertaken as to whether there are any indicators of material changes in value in other years. In March 2022 local estate agent valuations were obtained, with adjustments for the costs to separate legal title and access. In March 2024, the trustees considered whether there were any indicators of material changes in condition of the properties or changes in value based on house market indices.

## 2. Consolidated statement of financial activities by fund 2023

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total Funds 2023 £'000
<b>Income from:</b>					
<i>Donations and legacies</i>					
	4				
Exceptional income		-	-	1,000	1,000
Other donations and legacies		452	579	-	1,031
		452	579	1,000	2,031
<i>Income from charitable activities:</i>					
	8				
Residential care		18,405	-	-	18,405
Community services		760	-	-	760
		19,165	-	-	19,165
Investment Income	5	222	415	1	638
Other income	6	7	-	-	7
<b>Total</b>		<b>19,846</b>	<b>994</b>	<b>1,001</b>	<b>21,841</b>
<b>Expenditure on:</b>					
<i>Raising funds:</i>					
	8				
Fundraising costs		230	36	-	266
Investment management costs		81	-	-	81
		311	36	-	347
<i>Charitable activities:</i>					
	8				
Residential care		19,998	792	22	20,812
Community services		1,016	7	-	1,023
Community engagement		-	3	-	3
Grants and allowances		148	299	-	447
		21,162	1,101	22	22,285
<b>Total</b>		<b>21,473</b>	<b>1,137</b>	<b>22</b>	<b>22,632</b>
<b>Net (expenditure)/ income before</b>	9	<b>(1,627)</b>	<b>(143)</b>	<b>979</b>	<b>(791)</b>
Net (losses)/ gains on investments	15	(153)	(299)	(421)	(873)
<b>Net (expenditure)/ income</b>		<b>(1,780)</b>	<b>(442)</b>	<b>558</b>	<b>(1,664)</b>
<b>Other recognised gains/(losses)</b>					
Realised gains on sale of fixed assets			-		-
Actuarial (losses) on defined benefit pension	20	(10)	-	-	(10)
Transfers between funds	22	2,275	(1,975)	(300)	-
<b>Net movement in funds</b>		<b>485</b>	<b>(2,417)</b>	<b>258</b>	<b>(1,674)</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward	22	22,249	8,489	9,329	40,067
<b>Total funds carried forward</b>	22	<b>22,734</b>	<b>6,072</b>	<b>9,587</b>	<b>38,393</b>

### 3. Subsidiaries' performance

Summary of results for the year ended 31 March 2024:

	<b>Potential Limited</b>	<b>Friends of the Elderly Trading Limited</b>	<b>The Retired Nurses National Home</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Income	419	-	-
Total expenditure	(417)	-	-
Net movement in funds	2	-	-
Profits distributed to the Charity	(3)	-	-
Net assets at 31 March 2024	1	10	-

Summary of results for the year ended 31 March 2023:

	<b>Potential Limited</b>	<b>Friends of the Elderly Trading Limited</b>	<b>The Retired Nurses National Home</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Income	174	-	-
Total expenditure	(171)	-	-
Net movement in funds	3	-	-
Net assets at 31 March 2023	2	10	-

Potential Limited is a wholly-owned subsidiary of Friends of the Elderly and undertakes development work for the Group. Its company registration number is 3353988.

Friends of the Elderly Trading Limited is dormant. Its company registration number is 3557337.

Friends of the Elderly became the sole member of the Retired Nurses National Home (the RNNH) on 31 March 2015. The RNNH's activities, assets and liabilities were transferred to Friends of the Elderly on 31 March 2019 as part of a group merger. This transfer included the care home in Bournemouth that was owned and operated by the RNNH.

### 4. Donations and legacies

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Donations	464	1,746
Legacies	226	235
Pro-bono services	54	36
Total excluding government grants	744	2,017
<i>Government grants (note 7)</i>		
Covid-19 Adult Social Care	8	14
	<u>752</u>	<u>2,031</u>

## 5. Investment income

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Dividends from investments	466	523
Investment property rental income	101	107
Interest receivable	72	8
	<u>639</u>	<u>638</u>

## 6. Other income and other expenditure

### Other income

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Gain on disposal of fixed assets	-	7
Gain on lease surrender	631	-
	<u>631</u>	<u>7</u>

The Charity received a lease surrender premium of £650,000 on 28 March 2024 for the surrender of its head office lease. The gain reported is net of costs of arranging the lease surrender.

### Other expenditure

Other expenditure within charitable activities includes:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Impairment charge	74	-
Loss on disposal of fixed assets	72	-
	<u>146</u>	<u>-</u>

The impairment charge relates to fixtures and fittings of a care home where closure was announced in March 2024, for assets we do not expect to be able to move to other care homes or sell. The loss on disposal of fixed assets relates primarily to leasehold improvements on the lease that was surrendered in the year.

## 7. Government grants

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Recorded within restricted income from donations and legacies</b>		
Covid-19 Adult Social Care grants	8	14
	<u>8</u>	<u>14</u>

Adult Social Care grants relating to Covid-19 emergency funding include a Workforce Capacity Fund. These funds are administered and distributed by local authorities. All grant conditions have been met for income recognised during the year.

## 8. Analysis of income and expenditure by charitable activity

	Residential care	Community services	Community engagement	Grants and allowances	Raising funds	Total
	2024	2024	2024	2024	2024	2024
	£'000	£'000	£'000	£'000	£'000	£'000
Direct income	20,037	703	-	-	-	20,740
Government grants	8	-	-	-	-	8
Other attributable fundraising income	33	18	7	279	407	744
Attributable investment income	287	-	-	61	291	639
<b>Total income</b>	<b>20,365</b>	<b>721</b>	<b>7</b>	<b>340</b>	<b>698</b>	<b>22,131</b>
Direct expenditure	18,099	795	3	115	285	19,297
Grant-funding of activities	-	-	-	361	-	361
<b>Total income less direct expenditure</b>	<b>2,266</b>	<b>(74)</b>	<b>4</b>	<b>(136)</b>	<b>413</b>	<b>2,473</b>
Attributable support costs:						
Governance	413	28	-	23	18	482
Operations, quality and training	898	50	-	9	4	961
Property	162	4	-	-	13	179
Finance, HR and IT	1,572	83	-	30	24	1,709
Marketing and communications	336	77	-	10	77	500
Strategic and executive	258	9	-	23	28	318
Total attributable support costs	3,639	251	-	95	164	4,149
<b>Total expenditure</b>	<b>21,738</b>	<b>1,046</b>	<b>3</b>	<b>571</b>	<b>449</b>	<b>23,807</b>
<b>Net surplus/ (deficit)</b>	<b>(1,373)</b>	<b>(325)</b>	<b>4</b>	<b>(231)</b>	<b>249</b>	<b>(1,676)</b>

Fundraising and investment income that is restricted to specific charitable activities is shown as attributable to that activity in the table above. Unrestricted fundraising and investment income is shown in the raising funds column.

This excludes other income and other expenditure (note 6).

The analysis for 2023 is as follows:

	Residential care	Community services	Community engagement	Grants and allowances	Raising funds	Total
	2023	2023	2023	2023	2023	2023
	£'000	£'000	£'000	£'000	£'000	£'000
Direct income	18,405	760	-	-	-	19,165
Government grants	14	-	-	-	-	14
Other attributable fundraising income	304	6	5	1,210	492	2,017
Attributable investment income	356	-	-	59	223	638
<b>Total income</b>	<b>19,079</b>	<b>766</b>	<b>5</b>	<b>1,269</b>	<b>715</b>	<b>21,834</b>
Direct expenditure	17,411	792	3	105	248	18,559
Grant-funding of activities	-	-	-	259	-	259
<b>Total income less direct expenditure</b>	<b>1,668</b>	<b>(26)</b>	<b>2</b>	<b>905</b>	<b>467</b>	<b>3,016</b>
Attributable support costs:						
Governance	293	19	-	16	8	336
Operations, quality and training	898	55	-	10	7	970
Property	159	5	-	-	5	169
Finance, HR and IT	1,542	87	-	23	22	1,674
Marketing and communications	369	46	-	9	23	447
Strategic and executive	140	19	-	25	34	218
Total attributable support costs	3,401	231	-	83	99	3,814
<b>Total expenditure</b>	<b>20,812</b>	<b>1,023</b>	<b>3</b>	<b>447</b>	<b>347</b>	<b>22,632</b>
<b>Net surplus/ (deficit)</b>	<b>(1,733)</b>	<b>(257)</b>	<b>2</b>	<b>822</b>	<b>368</b>	<b>(798)</b>

## 8. Analysis of income and expenditure by charitable activity (continued)

Support costs and costs of governance are apportioned between charitable activities and the activities for raising funds. The basis of apportionment is as follows:

Function	Basis of apportionment
Governance costs	Apportioned in proportion to overall support costs allocation
Operations, Quality and Training	Specific teams relate to different charitable operations, other costs are apportioned based on management estimate
Property	Apportioned based on management estimate
Finance and Information Technology	Apportioned based on the proportion of total expenditure
Human Resources	Apportioned based on headcount
Marketing and communications	Apportioned based on management estimate
Strategy and Executive	Apportioned based on management estimate

## 9. Net expenditure for the year

Net expenditure for the year is stated after charging:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs (Note 10)	16,621	15,509
Amortisation of intangible fixed assets (Note 13)	9	49
Depreciation of tangible fixed assets (Note 14)	864	951
Impairment of tangible fixed assets (note 6)	74	-
Auditors' remuneration - Audit of the Charity (current year)	43	42
Auditors' remuneration - Audit of subsidiary undertakings	2	2
Auditors' remuneration - Other Services	30	3
Professional indemnity insurance	2	2
Loss/(gain) on disposal of fixed assets	72	(7)
(Gain) on lease surrender	(631)	-
Pension scheme net finance charge	1	-
Operating lease rentals	135	143

The professional indemnity insurance is in respect of all trustees, committee members and staff.

## 10. Staff costs

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs were as follows:		
Salaries	12,262	10,857
Social security costs	1,047	900
Pension costs - excluding change to pension provision	647	571
Pension costs - change to pension provision (note 20)	(15)	(13)
	<u>13,941</u>	<u>12,315</u>
Agency - Care	1,199	1,780
Agency - Non-Care	1	10
Contract staff costs	1,480	1,404
Agency and contract costs	<u>2,680</u>	<u>3,194</u>

## 10. Staff costs (continued)

The following costs were incurred in relation to redundancies and are included within the staff costs total above. There were no ex-gratia payments.

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Redundancy payments made	35	-
Redundancy future payments provided for	91	-
	<u>126</u>	<u>-</u>

The number of staff whose emoluments (not including employer pension contributions) plus taxable benefits amounted to over £60,000 during the year were as follows:

	<b>2024</b>	<b>2023</b>
	<b>No.</b>	<b>No.</b>
£60,001 - £70,000	10	7
£70,001 - £80,000	1	2
£80,001 - £90,000	3	2
£90,001 to £100,000	1	2
£140,001 to £150,000	<u>1</u>	<u>-</u>

### Key management personnel

The total emoluments (including employer pension contributions) paid to key management personnel are set out below. Key management personnel comprise the senior management team and include the Chief Executive. The trustees are also key management personnel but received no remuneration in year (2023: none).

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Total emoluments	<u>670</u>	<u>588</u>
	<b>No.</b>	<b>No.</b>
Average number of Senior Management Team	<u>6</u>	<u>6</u>

Emoluments include an element of deferred pay for one employee for 2020-21 to 2023-24.

## 11. Staff numbers

The average number of employees (headcount) and full time equivalent (FTE) for the year were as follows:

<b>Employee numbers</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>Headcount</b>	<b>Headcount</b>	<b>FTE</b>	<b>FTE</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
Care staff	423	416	327	322
Support staff	68	66	60	59
	<u>491</u>	<u>482</u>	<u>387</u>	<u>381</u>



## 12. Related party transactions

### Trustees

The trustees received no remuneration for their services (2023: £nil). During the year ended 31 March 2024, no expenses were paid to any trustee for costs incurred in the course of their duties as trustee of the Charity (2023: £nil).

No donations were made by a related party of any trustee to the Group during the year (2023: £nil). Expenses waived by trustees during the year were not material (2023: not material).

### Key management personnel

There are no related party transactions with key management personnel to report for the year ended 31 March 2024 (2023: none).

### Intercompany transactions

The Charity had the following transactions with Group companies during the year:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts charged/ (credited) to Potential</b>		
Management fee	25	7
Property development costs recharged (capitalised within the Charity)	(388)	(161)
	<u>(363)</u>	<u>(154)</u>

The Charity had the following year-end balances with Group companies:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Amounts due to Potential	(193)	(15)
Amounts due to Friends of the Elderly Trading Limited	(5)	(5)
	<u>(198)</u>	<u>(20)</u>

## 13. Intangible fixed assets

### Computer software

<b>Cost</b>	<b>£'000</b>
At 1 April 2023	585
Additions	21
Disposals	-
At 31 March 2024	<u>606</u>
<b>Amortisation</b>	
At 1 April 2023	555
Charge for the year	9
Eliminated on disposal	-
At 31 March 2024	<u>564</u>
<b>Net book value 31 March 2024</b>	<u><b>42</b></u>
Net book value 31 March 2023	<u>30</u>

## 14. Tangible fixed assets

(a) Group	Freehold & Long Leasehold Property	Short Leasehold Property Improvements	Fixtures, Equipment and Vehicles	Total
Cost	£'000	£'000	£'000	£'000
At 1 April 2023	27,622	156	10,009	37,787
Additions	498	-	355	853
Disposals	-	(156)	(472)	(628)
At 31 March 2024	<u>28,120</u>	<u>-</u>	<u>9,892</u>	<u>38,012</u>
<b>Depreciation</b>				
At 1 April 2023	7,553	120	8,171	15,844
Charge for the year	256	2	606	864
Impairment charge	-	-	74	74
Eliminated on disposal	-	(122)	(424)	(546)
At 31 March 2024	<u>7,809</u>	<u>-</u>	<u>8,427</u>	<u>16,236</u>
<b>Net book value 31 March 2024</b>	<b><u>20,311</u></b>	<b><u>-</u></b>	<b><u>1,465</u></b>	<b><u>21,776</u></b>
Net book value 31 March 2023	<u>20,069</u>	<u>36</u>	<u>1,838</u>	<u>21,943</u>
(b) Charity	Freehold & Long Leasehold Property	Short Leasehold Property Improvements	Fixtures, Equipment and Vehicles	Total
Cost	£'000	£'000	£'000	£'000
At 1 April 2023	27,881	156	10,015	38,052
Additions	528	-	355	883
Disposals	-	(156)	(472)	(628)
At 31 March 2024	<u>28,409</u>	<u>-</u>	<u>9,898</u>	<u>38,307</u>
<b>Depreciation</b>				
At 1 April 2023	7,690	120	8,177	15,987
Charge for the year	256	2	606	864
Impairment charge	-	-	74	74
Eliminated on disposal	-	(122)	(424)	(546)
At 31 March 2024	<u>7,946</u>	<u>-</u>	<u>8,433</u>	<u>16,379</u>
<b>Net book value 31 March 2024</b>	<b><u>20,463</u></b>	<b><u>-</u></b>	<b><u>1,465</u></b>	<b><u>21,928</u></b>
Net book value 31 March 2023	<u>20,191</u>	<u>36</u>	<u>1,838</u>	<u>22,065</u>

Tangible fixed assets include assets in the course of construction, which are not depreciated until they are in use, but which are assessed annually for any impairment risks.

	Group		Charity	
	2024	2023	2024	2023
Assets in the course of construction	£'000	£'000	£'000	£'000
Cost and net book value	<u>2,079</u>	<u>1,653</u>	<u>2,171</u>	<u>1,711</u>

#### 14. Tangible fixed assets (continued)

Assets in the course of construction include cost and net book value relating to the Coulsdon planning application, and a successful planning application for an extension at New Copford Place.

Borrowing costs of £19,000 (2023: £14,000) were capitalised in the year as part of assets in the course of construction. This is interest on the 15-year term loan disclosed in note 18. The loans (note 18) are secured against the freehold property known as Davenham & Perrins House, Malvern (HM Land Registry title number WR128444).

Long-leasehold property is classified as finance leases. The short-leasehold lease was surrendered on 28 March 2024. There were no lease payments due for these properties other than one peppercorn if demanded. Amounts capitalised under short leasehold property were property improvements.

#### 15. Fixed asset investments

(a) Group	Investment Property £'000	Investments Unlisted £'000	Total £'000
<b><u>Cost or valuation</u></b>			
At 1 April 2023	2,836	13,868	16,704
Additions	-	500	500
Disposals (carrying value)	-	(1,876)	(1,876)
Unrealised gains on revaluation	-	985	985
At 31 March 2024	<u>2,836</u>	<u>13,477</u>	<u>16,313</u>
Cost at 31 March 2024	<u>341</u>	<u>10,882</u>	<u>11,223</u>

b) Charity	Investment Property £'000	Investments Unlisted £'000	Investment in Subsidiaries £'000	Total £'000
<b><u>Cost or valuation</u></b>				
At 1 April 2023	2,836	13,868	10	16,714
Additions	-	500	-	500
Disposals (carrying value)	-	(1,876)	-	(1,876)
Unrealised gains on revaluation	-	985	-	985
At 31 March 2024	<u>2,836</u>	<u>13,477</u>	<u>10</u>	<u>16,323</u>
Cost at 31 March 2024	<u>341</u>	<u>10,882</u>	<u>10</u>	<u>11,233</u>

Realised gains on disposals (Charity and Group) in the year were £48,000 (2023: realised losses of £143,000).

'Investments in subsidiaries' relates to two trading companies – Potential Limited; and Friends of the Elderly (Trading) Limited, which is dormant. Summary results for the subsidiaries can be found in note 3.

Investment properties are properties which are held for strategic reasons, but which are capable of being rented to third parties or of being sold separate to adjacent care homes.

**16. Debtors**

	Group		Charity	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Trade debtors	1,794	1,031	1,794	1,031
Other debtors	82	176	50	166
Prepayments and accrued income	930	697	930	697
	<u>2,806</u>	<u>1,904</u>	<u>2,774</u>	<u>1,894</u>

**17. Creditors: amounts falling due within one year**

	Group		Charity	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Trade creditors	1,163	926	885	896
Amounts due to subsidiary undertakings	-	-	198	19
Other creditors	438	315	433	310
Resident deposits	1,119	1,109	1,119	1,109
Taxation and social security	288	276	288	276
Accruals	750	619	750	619
Loans: Amounts Due Within One Year	133	137	133	137
	<u>3,891</u>	<u>3,382</u>	<u>3,806</u>	<u>3,366</u>

**18. Creditors: amounts falling due after more than one year**

	Group and Charity	
	2024	2023
	£'000	£'000
Secured bank loan:		
Falling due within more than one year but less than five years	641	639
Falling due after five years	<u>570</u>	<u>692</u>
Total amounts falling due after one year:	1,211	1,331
Amounts falling due within one year (Note 17)	<u>133</u>	<u>137</u>
Total of all loans	<u>1,344</u>	<u>1,468</u>

The loans are secured against the freehold property known as Davenham & Perrins House, Malvern (HM Land Registry title number WR128444).

The loans are basic financial instruments carried at amortised cost. £879,000 of the debt has an interest rate at 1.75% above the Bank of England's sterling base rate, with a 20-year term ending in 2031. £465,000 of debt has an interest rate at 3.0% above the Bank of England's sterling base rate, with a 15-year term ending in 2034.

## 19. Provisions

	Group and Charity	
	2024	2023
	£'000	£'000
Provision for redundancy and related costs of closure	112	-
	<u>112</u>	<u>-</u>

Provision movement in the year was as follows:

	Group and Charity	
	2024	2023
	£'000	£'000
Provisions at 1 April	-	-
Charged in year	112	-
Provisions at 31 March	<u>112</u>	<u>-</u>

## 20. Pension schemes

The Charity and Group operate or contribute to a number of pension schemes, both defined contribution schemes and defined benefit pension schemes. The liability recognised in respect of defined benefit pension schemes is as follows:

Defined benefit pension scheme liability by Scheme	Group and Charity	
	2024	2023
	£'000	£'000
Friends of the Elderly Pension and Life Assurance Scheme (1978) (Closed)	-	-
Scottish Voluntary Sector Pension Scheme ("SVSPS")	(1)	(14)
Career Average Revalued Earnings (CARE) Pension Scheme	(8)	(10)
	<u>(9)</u>	<u>(24)</u>

### Reconciliation of opening and closing provision by Scheme

	FotE Closed 2024 £'000	SVSPS Scheme 2024 £'000	CARE Scheme 2024 £'000	Total 2024 £'000
Provision at 1 April 2023	-	(14)	(10)	(24)
Interest expense	-	-	(1)	(1)
Contributions paid	10	12	2	24
Remeasurement - impact of changes in assumptions	-	-	-	-
Remeasurement - amendments to the contribution schedule	-	1	1	2
Other gains/(losses):				
- Actuarial gains/(losses) on defined benefit obligation	2	-	-	2
- Return on assets excluding interest income	(31)	-	-	(31)
- Change in the effect of asset ceiling	19	-	-	19
Provision at 31 March 2024	<u>-</u>	<u>(1)</u>	<u>(8)</u>	<u>(9)</u>

## 20. Pension schemes (continued)

Reconciliation of opening and closing provision by Scheme for 2023:

	<b>FotE Closed Scheme 2023 £'000</b>	<b>SVSPS Scheme 2023 £'000</b>	<b>CARE Scheme 2023 £'000</b>	<b>Total 2023 £'000</b>
Provision at 1 April 2022	-	(24)	(13)	(37)
Interest expense	-		-	-
Contributions paid	10	11	2	23
Remeasurement - impact of changes in assumptions	-	(1)	1	-
Other gains/(losses):				
- Actuarial gains/(losses) on defined benefit obligation	183	-	-	183
- Return on assets excluding interest income	(228)	-	-	(228)
- Change in the effect of asset ceiling	35	-	-	35
Provision at 31 March 2023	-	(14)	(10)	(24)

### 20(a) Defined contribution schemes

Since 1 October 1996, the Charity has operated a defined contribution scheme available to new and existing members, run by Scottish Widows. The pension cost relating to this scheme represents contributions payable by the Charity and amounted to £623,000 in the year (2023: £547,000).

### 20(b) Friends of the Elderly Pension and Life Assurance Scheme (1978) (Closed)

The Charity operates the Friends of the Elderly Pension and Life Assurance Scheme (1978) (Closed) (the Scheme), a UK registered trust-based pension scheme that provides defined benefits. No benefits have been accrued since 30 September 1996.

Pension benefits are linked to members' final pensionable salaries and service to 30 September 1996 (or date of leaving if earlier). The Scheme trustees are responsible for running the Scheme in accordance with the Scheme's Trust Deed and Rules, which sets out their powers. The trustees of the Scheme are required to act in the best interests of the beneficiaries of the Scheme.

There are two categories of members:

- Deferred members: former employees or current employees of the Charity who have accrued benefits in the Scheme but are not yet in receipt of a pension.
- Pensioner members: in receipt of pension.

The Scheme trustees are required to carry out an actuarial valuation every three years. The last actuarial valuation was performed by the Scheme actuary for the trustees as at 30 September 2021. The valuation revealed a funding surplus of £39,000 (2018 valuation: shortfall of £2,000). No further recovery plan payments are required by the Charity, however the Charity has agreed to continue to pay £830 a month from April 2022 (prior to this the Charity paid £1,250 per month). All the administration and operating expenses of the Scheme, including the Pension Protection Fund (PPF) levy, will continue to be met directly by the Charity.

The pension scheme surplus as at 31 March 2024 is not recognised in the balance sheet on the basis that the asset could not be retained by the Charity, but is recognised in the statement of financial activities to the extent that it reverses a prior liability.

**20. Pension schemes (continued)**

**(b) Friends of the Elderly Pension and Life Assurance Scheme (1978) (continued)**

The amounts recognised and the balance sheet positions, for 2024 and 2023, are as follows:

	Group and Charity: 2024			Group and Charity: 2023		
	Assets	Defined benefit obligation	Net position	Assets	Defined benefit obligation	Net position
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value at 1 April	1,038	(1,001)	37	1,472	(1,400)	72
Limit on recognition of assets	(37)	-	(37)	(72)	-	(72)
Scheme surplus recognised at 1 April	1,001	(1,001)	-	1,400	(1,400)	-
Benefits paid	(128)	128	-	(250)	250	-
Employer contributions	10	-	10	10	-	10
<i>Amounts charged to Statement of Financial Activities:</i>						
Interest income/ (cost)	47	(47)	-	34	(34)	-
Remeasurement gains/(losses)						
- Actuarial gains/(losses)	-	2	2	-	183	183
- Return on assets excluding interest income	(31)	-	(31)	(228)	-	(228)
- Change in the effect of asset ceiling	19	-	19	35	-	35
<i>Total amounts charged to Statement of Financial Activities</i>	35	(45)	(10)	(159)	149	(10)
Fair value at 31 March (less surplus not recognised)	918	(918)	-	1,001	(1,001)	-

The fair value of the assets of the scheme was:

	Group and Charity			
	2024	2024	2023	2023
	£'000	% of total plan	£'000	% of total plan
Trustees bank account/ net current assets	12	1.3%	8	0.8%
Annuities	796	85.0%	787	75.8%
Gilts fund	128	13.7%	230	22.2%
Diversified fund	-	0.0%	13	1.3%
Total	936	100.0%	1,038	100.0%

The return on the assets was:

	Group and Charity	
	2024	2023
	Market value	Market value
	£'000	£'000
Interest income	47	34
Return on assets less interest income	(31)	(228)
Total return on assets	16	(194)



## 20. Pension schemes (continued)

### (b) Friends of the Elderly Pension and Life Assurance Scheme (1978) (continued)

#### Actuarial assumptions

	Group and Charity	
	2024	2023
Discount rate	4.80% pa	4.80% pa
RPI inflation	3.40% pa	3.40% pa
CPI inflation	2.40% pa	2.40% pa
Revaluation of deferred pensions	2.40% pa	2.40% pa

#### Mortality assumptions

	Group and Charity	
	2024	2023
Mortality (pre-retirement)	Nil	Nil
Mortality (post-retirement)	100% of S3PA CMI_2022_M/F [1.25%] (yob)	100% of S3PA CMI_2021_M/F [1.25%] (yob)

#### Life expectancies (in years)

	2024		2023	
	Males	Females	Males	Females
For an individual aged 60	26.0	28.8	26.6	29.3
At age 60 for an individual aged 40	27.6	30.3	28.2	30.7

### 20(c) Multi-employer pension schemes

The Charity participates in two multi-employer pension schemes: the Scottish Voluntary Sector Pension Scheme (SVSPS) and the Career Average Revalued Earnings Pension Scheme (CARE).

These schemes are defined benefit schemes in the UK. It is not possible for the Charity to obtain sufficient information to enable it to account for the schemes as defined benefit schemes. Therefore, it accounts for the schemes as defined contribution schemes. The schemes are subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK. The schemes are classified as 'last-man standing arrangements'. Therefore, the Charity is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme. Recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the Charity has agreed to a deficit funding arrangement the Charity recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

## 20. Pension schemes (continued)

### (c) Multi-employer pension schemes (continued)

#### SVSPS

The SVSPS provides benefits to some 95 non-associated employers.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2020. This actuarial valuation was certified on 21 December 2021 and showed assets of £153.3m, liabilities of £160.0m and a deficit of £6.7m (at the previous 2017 valuation the deficit was £25.9m). To eliminate this funding shortfall, the trustees and the participating employers have agreed that contributions will be paid, in combination from all employers, to the scheme of £1.5m per annum until 31 May 2024 (increasing by 3% each year on 1 April), of which the Charity's contributions were £11,000 per annum, with a total of £2,000 future contributions payable as at 31 March 2024.

#### CARE

The CARE scheme provides benefits to some 37 non-associated employers.

A full actuarial valuation for the scheme was carried out as at 30 September 2022. This actuarial valuation showed assets of £49.6m, liabilities of £57.1m and a deficit of £7.5m. To eliminate this funding shortfall, the trustee asked the participating employers to pay additional contributions to the scheme of £1.7m per annum until March 2027 (increasing by 3% each year on 1 April), of which the Charity's contributions are £2,600 per annum, rising to £2,800 in 2026-27.

#### Discount rates

	Group and Charity	
	2024	2023
Discount rate: SVSPS	4.90%	5.40%
Discount rate: CARE	4.95%	5.18%

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

## 21. Analysis of net assets between funds

Fund balances at 31 March 2024, represented by:

(a) Group	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds £'000
Intangible assets	42	-	-	42
Tangible assets	19,958	-	1,818	21,776
Investments	5,960	2,973	7,380	16,313
Current assets	3,116	1,800	401	5,317
Current liabilities	(3,891)	-	-	(3,891)
Non-current liabilities	(1,332)	-	-	(1,332)
	<u>23,853</u>	<u>4,773</u>	<u>9,599</u>	<u>38,225</u>

**21. Analysis of net assets between funds (continued)**

<b>(b) Charity</b>	<b>Unrestricted funds £'000</b>	<b>Restricted funds £'000</b>	<b>Endowment funds £'000</b>	<b>Total funds £'000</b>
Intangible assets	42	-	-	42
Tangible assets	20,110	-	1,818	21,928
Investments	5,970	2,973	7,380	16,323
Current assets	3,030	1,800	401	5,231
Current liabilities	(3,806)	-	-	(3,806)
Non-current liabilities	(1,332)	-	-	(1,332)
	<u>24,014</u>	<u>4,773</u>	<u>9,599</u>	<u>38,386</u>

Fund balances at 31 March 2023 were:

<b>(a) Group</b>	<b>Unrestricted funds £'000</b>	<b>Restricted funds £'000</b>	<b>Endowment funds £'000</b>	<b>Total funds £'000</b>
Intangible assets	30	-	-	30
Tangible assets	20,125	-	1,818	21,943
Investments	5,689	4,246	6,769	16,704
Current assets	1,584	1,869	1,000	4,453
Current liabilities	(3,339)	(43)	-	(3,382)
Non-current liabilities	(1,355)	-	-	(1,355)
	<u>22,734</u>	<u>6,072</u>	<u>9,587</u>	<u>38,393</u>

<b>(b) Charity</b>	<b>Unrestricted funds £'000</b>	<b>Restricted funds £'000</b>	<b>Endowment funds £'000</b>	<b>Total funds £'000</b>
Intangible assets	30	-	-	30
Tangible assets	20,247	-	1,818	22,065
Investments	5,699	4,246	6,769	16,714
Current assets	1,566	1,869	1,000	4,435
Current liabilities	(3,323)	(43)	-	(3,366)
Non-current liabilities	(1,355)	-	-	(1,355)
	<u>22,864</u>	<u>6,072</u>	<u>9,587</u>	<u>38,523</u>

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**22. Movement in funds**

Fund movements for the Group for the year ended 31 March 2024:

(a) Group	As at 1 April 2023	Net income/ (expenditure)	Other gains and (losses)	Depreciation movement	Net capital expenditure	Loan movement	Funds Transferred	As at 31 March 2024
	£	£	£	£	£	£	£	£
Unrestricted funds:								
Designated funds	18,571	-	-	(571)	620	92	-	18,712
General reserves:								
Revaluation reserve	2,495	-	-	-	-	-	-	2,495
Other reserve	1,692	(659)	271	571	(620)	(92)	1,492	2,655
Pension reserve	(24)	25	(10)	-	-	-	-	(9)
<b>Total unrestricted funds</b>	<b>22,734</b>	<b>(634)</b>	<b>261</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,492</b>	<b>23,853</b>
Restricted funds:								
Funds for residential care homes	264	(3)	-	-	-	-	-	261
Sir Thomas Lipton Memorial Home fund	3,703	-	256	-	-	-	(1,510)	2,449
Funds restricted to RNNH	6	(354)	-	-	-	-	366	18
Funds for grants and allowances	947	(81)	28	-	-	-	105	999
Funds for residents' subsidies	680	(112)	1	-	-	-	25	594
Community services	29	(12)	-	-	-	-	-	17
Community projects	46	4	-	-	-	-	(12)	38
Other restricted funds	397	-	-	-	-	-	-	397
<b>Total restricted funds</b>	<b>6,072</b>	<b>(558)</b>	<b>285</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,026)</b>	<b>4,773</b>
Endowed funds:								
Expendable endowment - TGF	1,000	-	-	-	-	-	(100)	900
Expendable endowment - RNNH	379	-	(4)	-	-	-	(366)	9
Total expendable endowment	1,379	-	(4)	-	-	-	(466)	909
Permanent endowment:								
Endowed property - RNNH	1,583	-	-	-	-	-	-	1,583
Endowed properties - other	235	-	-	-	-	-	-	235
Funds for residential care homes	2,141	1	172	-	-	-	-	2,314
Funds for residents' subsidies	3,165	-	224	-	-	-	-	3,389
Funds for grants and allowances	1,084	-	85	-	-	-	-	1,169
Total permanent endowment	8,208	1	481	-	-	-	-	8,690
<b>Total endowed funds</b>	<b>9,587</b>	<b>1</b>	<b>477</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(466)</b>	<b>9,599</b>
<b>Total funds</b>	<b>38,393</b>	<b>(1,191)</b>	<b>1,023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,225</b>

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**22. Movement in funds (continued)**

Fund movements for the Charity for the year ended 31 March 2024:

(b) Charity	As at 1 April 2023 £	Net income/ (expenditure) £	Other gains and (losses) £	Depreciation movement £	Net capital expenditure £	Loan movement £	Funds Transferred £	As at 31 March 2024 £
Unrestricted funds:								
Designated funds	18,693	-	-	(571)	650	92	-	18,864
General reserves:								
Revaluation reserve	2,495	-	-	-	-	-	-	2,495
Other reserve	1,700	(628)	271	571	(650)	(92)	1,492	2,664
Pension reserve	(24)	25	(10)	-	-	-	-	(9)
<b>Total unrestricted funds</b>	<b>22,864</b>	<b>(603)</b>	<b>261</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,492</b>	<b>24,014</b>
Restricted funds:								
Funds for residential care homes	264	(3)	-	-	-	-	-	261
Sir Thomas Lipton Memorial Home fund	3,703	-	256	-	-	-	(1,510)	2,449
Funds restricted to RNNH	6	(354)	-	-	-	-	366	18
Funds for grants and allowances	947	(81)	28	-	-	-	105	999
Funds for residents' subsidies	680	(112)	1	-	-	-	25	594
Community services	29	(12)	-	-	-	-	-	17
Community projects	46	4	-	-	-	-	(12)	38
Other restricted funds	397	-	-	-	-	-	-	397
<b>Total restricted funds</b>	<b>6,072</b>	<b>(558)</b>	<b>285</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,026)</b>	<b>4,773</b>
Endowed funds:								
Expendable endowment - TGF	1,000	-	-	-	-	-	(100)	900
Expendable endowment - RNNH	379	-	(4)	-	-	-	(366)	9
Total expendable endowment	1,379	-	(4)	-	-	-	(466)	909
Permanent endowment:								
Endowed property - RNNH	1,583	-	-	-	-	-	-	1,583
Endowed properties - other	235	-	-	-	-	-	-	235
Funds for residential care homes	2,141	1	172	-	-	-	-	2,314
Funds for residents' subsidies	3,165	-	224	-	-	-	-	3,389
Funds for grants and allowances	1,084	-	85	-	-	-	-	1,169
Total permanent endowment	8,208	1	481	-	-	-	-	8,690
<b>Total endowed funds</b>	<b>9,587</b>	<b>1</b>	<b>477</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(466)</b>	<b>9,599</b>
<b>Total funds</b>	<b>38,523</b>	<b>(1,160)</b>	<b>1,023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,386</b>

**Friends of the Elderly**  
**Annual report and financial statements for the year ended 31 March 2024**

**22. Movement in funds (continued)**

Fund movements for the Group for the year ended 31 March 2023:

(a) Group	As at 1 April 2022	Net income/ (expenditure)	Other gains and (losses)	Depreciation movement	Net capital expenditure	Loan movement	Funds Transferred	As at 31 March 2023
	£	£	£	£	£	£	£	£
Unrestricted funds:								
Designated funds	18,033	-	-	(643)	1,073	108	-	18,571
General reserves:								
Revaluation reserve	2,495	-	-	-	-	-	-	2,495
Other reserve	1,758	(1,650)	(153)	643	(1,073)	(108)	2,275	1,692
Pension reserve	(37)	23	(10)	-	-	-	-	(24)
<b>Total unrestricted funds</b>	<b>22,249</b>	<b>(1,627)</b>	<b>(163)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,275</b>	<b>22,734</b>
Restricted funds:								
Funds for residential care homes	234	285	-	-	-	-	(255)	264
Sir Thomas Lipton Memorial Home fund	6,013	-	(260)	-	-	-	(2,050)	3,703
Funds restricted to RNNH	12	(302)	(4)	-	-	-	300	6
Funds for grants and allowances	1,003	(30)	(35)	-	-	-	9	947
Funds for residents' subsidies	747	(92)	-	-	-	-	25	680
Community services	30	(1)	-	-	-	-	-	29
Community projects	48	(3)	-	-	-	-	1	46
Other restricted funds	402	-	-	-	-	-	(5)	397
<b>Total restricted funds</b>	<b>8,489</b>	<b>(143)</b>	<b>(299)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,975)</b>	<b>6,072</b>
Endowed funds:								
Expendable endowment - TGF	-	1,000	-	-	-	-	-	1,000
Expendable endowment - RNNH	736	-	(57)	-	-	-	(300)	379
Total expendable endowment	736	1,000	(57)	-	-	-	(300)	1,379
Permanent endowment:								
Endowed property - RNNH	1,605	(22)	-	-	-	-	-	1,583
Endowed properties - other	235	-	-	-	-	-	-	235
Funds for residential care homes	2,270	1	(130)	-	-	-	-	2,141
Funds for residents' subsidies	3,335	-	(170)	-	-	-	-	3,165
Funds for grants and allowances	1,148	-	(64)	-	-	-	-	1,084
Total permanent endowment	8,593	(21)	(364)	-	-	-	-	8,208
<b>Total endowed funds</b>	<b>9,329</b>	<b>979</b>	<b>(421)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(300)</b>	<b>9,587</b>
<b>Total funds</b>	<b>40,067</b>	<b>(791)</b>	<b>(883)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,393</b>

**Friends of the Elderly**  
**Annual report and financial statements for the year ended 31 March 2024**

**22. Movement in funds (continued)**

Fund movements for the Charity for the year ended 31 March 2023:

(b) Charity	As at 1 April 2022	Net income/ (expenditure)	Other gains and (losses)	Depreciation movement	Net capital expenditure	Loan movement	Funds Transferred	As at 31 March 2023
	£	£	£	£	£	£	£	£
Unrestricted funds:								
Designated funds	18,140	-	-	(643)	1,088	108	-	18,693
General reserves:								
Revaluation reserve	2,495	-	-	-	-	-	-	2,495
Other reserve	1,770	(1,639)	(153)	643	(1,088)	(108)	2,275	1,700
Pension reserve	(37)	23	(10)	-	-	-	-	(24)
<b>Total unrestricted funds</b>	<b>22,368</b>	<b>(1,616)</b>	<b>(163)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,275</b>	<b>22,864</b>
Restricted funds:								
Funds for residential care homes	234	285	-	-	-	-	(255)	264
Sir Thomas Lipton Memorial Home fund	6,013	-	(260)	-	-	-	(2,050)	3,703
Funds restricted to RNNH	12	(302)	(4)	-	-	-	300	6
Funds for grants and allowances	1,003	(30)	(35)	-	-	-	9	947
Funds for residents' subsidies	747	(92)	-	-	-	-	25	680
Community services	30	(1)	-	-	-	-	-	29
Community projects	48	(3)	-	-	-	-	1	46
Other restricted funds	402	-	-	-	-	-	(5)	397
<b>Total restricted funds</b>	<b>8,489</b>	<b>(143)</b>	<b>(299)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,975)</b>	<b>6,072</b>
Endowed funds:								
Expendable endowment - TGF	-	1,000	-	-	-	-	-	1,000
Expendable endowment - RNNH	736	-	(57)	-	-	-	(300)	379
Total expendable endowment	736	1,000	(57)	-	-	-	(300)	1,379
Permanent endowment:								
Endowed property - RNNH	1,605	(22)	-	-	-	-	-	1,583
Endowed properties - other	235	-	-	-	-	-	-	235
Funds for residential care homes	2,270	1	(130)	-	-	-	-	2,141
Funds for residents' subsidies	3,335	-	(170)	-	-	-	-	3,165
Funds for grants and allowances	1,148	-	(64)	-	-	-	-	1,084
Total permanent endowment	8,593	(21)	(364)	-	-	-	-	8,208
<b>Total endowed funds</b>	<b>9,329</b>	<b>979</b>	<b>(421)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(300)</b>	<b>9,587</b>
<b>Total funds</b>	<b>40,186</b>	<b>(780)</b>	<b>(883)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,523</b>



## **22. Movement in funds (continued)**

### **Designated funds – nature of funds**

Designated funds are unrestricted funds set aside by trustees for particular purposes. The designated fund represents the net book value of the fixed assets, net of long-term borrowings, used exclusively for construction, acquisition or operation of residential homes or extra care developments.

### **Restricted funds – nature of funds**

- Funds for the upkeep of residential homes comprise endowments for the maintenance or gardening of individual homes, and other legacies and donations specific to certain care homes.
- Funds for grants and allowances comprise endowments and other income received for grants and allowances for older people. Funds within this category have specific criteria as to the beneficiaries or types of grant or allowance to be given.
- Funds for residents' subsidies provide income to subsidise the care of residents.
- Funds for community services are donations or grants received for specific branches within community services.
- Funds for community projects are donations or grants received to be spent on projects, particularly those tackling loneliness and isolation.
- All funds that were within the RNNH prior to the merger on 31 March 2019 remain restricted, or endowed, within the Charity, other than where subsequently spent in accordance with the terms of the relevant restriction.
- The Sir Thomas Lipton Memorial Home fund arises from the proceeds of the sale of the Sir Thomas Lipton Memorial Home, which was an endowed property of the Sir Thomas Lipton Charity. The Sir Thomas Lipton Charity is a linked charity of Friends of the Elderly, with Friends of the Elderly being the sole trustee. Its charitable objects are the relief of people who are in need by reason of age, infirmity or financial hardship by the provision of care and accommodation, with priority given to those who have worked in health or social care roles. There were also endowed funds for the upkeep of the original home.

In July 2020 and March 2022, the Charity Commission made two orders, allowing Friends of the Elderly to spend the permanent endowment as income to further the objects of the Sir Thomas Lipton Charity. This was as the result of a request made by Friends of the Elderly. This provides Friends of the Elderly with sufficient resources to address the ongoing operational challenges following Covid-19, and to face any further unexpected hurdles in the recovery of the care sector. As a result of this order, the Sir Thomas Lipton Funds are held within restricted funds, instead of endowed funds, since 31 March 2022.

### **Endowed funds – nature of funds**

The 'TGF' expendable endowment is funds received from the Ted Gostling Foundation in March 2023 for spending on grants for older people in financial need over the following ten years.

Other endowments generate income for the restricted funds described above.

## 22. Movement in funds (continued)

### Fund transfers in the year

- A transfer of £1,510,000 from restricted funds to unrestricted funds represents the investment withdrawals from the Sir Thomas Lipton funds to support care home operations as the Charity recovers from the impact of Covid-19.
- A transfer of £366,000 was made from an expendable endowment to a restricted fund to support operating losses of the Retired Nurses National Home.
- A transfer of £100,000 for the Ted Gostling Foundation expendable endowment to restricted funds, representing the annual amount allocated for grant-giving.
- The interest charge on a loan from a restricted fund to unrestricted funds, of £25,000, is shown as a fund transfer. Other small transfers relate to movement of small balances outside of their original classification but still within the scope of the original restriction.

## 23. Operating leases and capital commitments

The following total amounts are payable for lease commitments:

	<b>Group and Charity</b>	
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Land and buildings</b>		
Within one year	5	82
Within 2 to 5 years	-	311
> 5 years	-	975
	<u>5</u>	<u>1,368</u>
<b>Other</b>		
Within one year	15	53
Within 2 to 5 years	14	2
	<u>29</u>	<u>55</u>
<b>Total</b>	<u>34</u>	<u>1,423</u>

As at 31 March 2024 there was £24,000 (2023: £nil) of capital expenditure contracted for but not provided in the financial statements.

In March 2024 an Agreement to Lease was signed in relation to a care home that is to be built. The lease will start when the building is ready to occupy, which is expected to be in summer 2025.

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

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Net movement in funds</b>	(168)	(1,674)
Unrealised and realised (gains)/losses on investments	(1,033)	873
Receipt of endowment	-	(1,000)
Net gain on lease surrender	(631)	
Net losses/(gains) on disposal of fixed assets	72	(7)
Actuarial losses on pension schemes	10	10
Investment income	(639)	(638)
Interest payable	82	54
Depreciation on tangible assets	864	951
Impairment of tangible assets	74	-
Amortisation on intangible assets	9	49
Difference between pension contributions and net costs	(25)	(23)
(Increase)/decrease in debtors	(902)	(98)
Increase/(decrease) in creditors	513	(88)
Increase/(decrease) in provisions	112	-
<b>Net cash used in operating activities</b>	<b>(1,662)</b>	<b>(1,591)</b>

## 25. Financial instruments

The Group and Charity have financial instruments categorised as follows:

<b>Group and Charity</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Financial assets measured at fair value through the SoFA	13,477	13,868

Financial assets measured at fair value through the statement of financial activities comprise listed and unlisted investments.

## 26. Post balance sheet events

The RNNH care home closed in June 2024. This was announced in March 2024, and redundancy-related costs are provided for as at 31 March 2024.

Contracts for the sale of The Old Vicarage, as an operating care home, were exchanged in September 2024. The date of completion is dependent on the Care Quality Commission registration process for the new provider.

There are no other events after the financial year-end that require adjusting or reporting.

## 27. Taxation

As a registered charity, Friends of the Elderly is entitled to certain tax exemptions on income and profits from investments, and surpluses from any trading activities carried out in furtherance of the Charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

## 28. Members

At 31 March 2024 there were 9 members (2023: 11 members) who each pledge to pay £1 on winding up.

## 29. Ultimate controlling party

Friends of the Elderly has no parent undertaking. In the opinion of the members, the Charity does not have a controlling party.

Telephone 020 7730 8263  
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President

HRH Princess Alexandra

Vice Presidents

Mr Robin Aisher OBE (to June 2023)  
Mrs Joan Orford

Patrons

Sir Michael Perry GBE  
Mr Kerry Rubie MBE