Friends of the Elderly

Registered charity no. 226064

Registered company no. 00133850

Annual report and financial statements
for the year ended 31 March 2025

CONTENTS

Trustees' report (including the Strategic Report) 2

Introduction from our Board Chair 4

Independent auditor's report 27

Financial statements

Consolidated statement of financial activities 31

Consolidated and Charity balance sheets 32

Consolidated statement of cash flows 33

Notes to the financial statements 34

Trustees' Report for the year ended 31 March 2025

Pages 2 to 17 comprise our Trustees Report, which also includes the Strategic Report, in accordance with the requirements of the Companies Act 2006.

Our year in overview

Supported over 1,200 older people in our communities.

Page 3

All care homes hold an 'Outstanding' or a 'Good' Care Quality Commission (CQC) rating.

Page 3

Her Royal Highness The Princess Royal became our Patron, continuing the legacy of Her Majesty Queen Elizabeth II who held the role for 52 years.

Page 4

A continued commitment to community engagement, supporting our care home residents and day care clients to remain part of their local communities.

Page 7

£332,000 given away in grants and allowances to support older people living in financial crisis.

Page 7

New leasehold care home, Friends Place, opened in August 2025.

Page 8

Closure of one care home in June 2024 due to the building no longer being fit for purpose.

Page 10

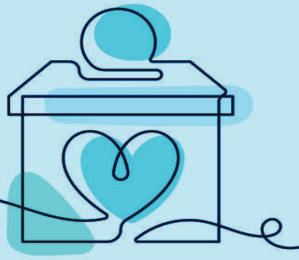
Sale of one care home, as a fully operating care home, with completion taking place in April 2025.

Page 10

Planning permission granted, on appeal, for 71 independent living homes for older people on our Coulsdon site.

Page 11

£2.2m raised from legacies and donations, including a £1.1m unrestricted legacy, and generous donations for future grant-giving.



Page 11

Net negative movement in funds of £703,000 due to care home closure costs and occupancy challenges in certain care homes, and unrealised investment market losses. Sufficient reserves available to support these losses.

Page 13

Trustees' Report for the year ended 31 March 2025

Pages 2 to 17 comprise our Trustees Report, which also includes the Strategic Report, in accordance with the requirements of the Companies Act 2006.

People supported during the year

One CQC **Outstanding** care home (rating February 2020)

233 residents on average, living in 10 **care homes** (8 CQC registrations)

Seven care homes with a **'Good'** CQC rating.

None with a 'Requires Improvement' rating

233 people and their carers supported by **day care** services

Over 1,200people supported in our communities

Grants and **allowances** given to individuals and community groups, worth £332,000

718 one-off grants were given for items such as energy bills, washing machines, disability adaptations, and home repairs

Plus 238 payments for regular and winter comfort allowances to 34 people; and 2 payments to community groups

£525,000 donations received for current and future grant -making

Supported by an incredible £2,202,000 in **donations, legacies and pro bono services**

Introduction from our Board Chair

This past year has been one of change and progress for Friends of the Elderly. Despite some challenges along the way, it was a year of renewal and fresh momentum, with clear signs of a bright future.

In April 2025, we said goodbye to The Old Vicarage care home, which was sold to Hanning Homes. While it is was difficult to say farewell to a service that has meant so much to us at the Charity, we are confident that Hanning Homes will continue to provide a high standard of care and ensure the home thrives into the future. We thank all the staff at The Old Vicarage for their hard work and dedication and wish Hanning Homes well for the future.

At the same time, we are laying strong foundations for what is next. We are thrilled to share that our new build care home, Friends Place in Reading opened in August 2025. This modern, purpose-built home will allow us to continue delivering excellent care in an environment that promotes independence and dignity. Additionally, after a five-year planning process, our Coulsdon site has now received planning permission, enabling us to move forward with long-term plans to build extra care accommodation for older people – aligned with our vision and mission.

These forward steps are guided by our strategic objectives: achieving better outcomes for all, providing outstanding care, being an employer of choice, and delivering financial sustainability and accountability. Though we continue to face a significant financial deficit, due in large part to the challenging post-Covid recovery environment and the costs associated with the closure of the RNNH care home in the previous year, we remain confident in our future. Our strategy is focused, our plans are robust, and we are committed to recovery and sustainable growth.

We also made key progress in the quality of care and specialist services. This year, we were proud to appoint a new Head of Dementia Care, who will lead the development of an enhanced dementia strategy, one that includes active public engagement and further embeds our work in local communities.

A remarkable fundraising year brought in over £2 million, allowing us to expand the number and value of grants we provide to vulnerable older people living in financial hardship. We are especially grateful to GB News reporter Patrick Christys, who raised an extraordinary £407,000 (including Gift Aid) in support of our work. Thanks to the kindness and generosity of our supporters, we have been able to help more people stay warm, connected, safe and supported through extremely difficult times.

We are also proud that staff turnover at the Charity remains low, a reflection of our efforts to be an employer of choice. We extend our heartfelt thanks to our staff, whose dedication, warmth, and professionalism remain the heartbeat of Friends of the Elderly.

Community continues to be central to who we are. From our 82-year-old activities coordinator at Redcot being named ‘Unsung Hero – Making Care Possible’ at the Surrey Care Awards, to Bernard Sunley’s well-attended Christmas community lunch, and the wonderful partnership with Colchester Museum at New Copford Place – these moments capture the spirit and reach of our work.

We were also honoured to welcome Her Royal Highness The Princess Royal as our Patron in October 2024. Her Royal Highness’s support is a great source of encouragement, and we are grateful for her time and interest in our Charity.

As we look ahead, we do so with a strong sense of purpose and optimism. While the year brought its share of challenges, it was also filled with powerful examples of compassionate care, community spirit, and the generosity that continues to define Friends of the Elderly. We also welcomed our new Chief Executive, Rachel Hill, in August 2025.

Thank you to everyone who has supported us on this journey. Together, we remain focused on our mission: to support older people to live fulfilled lives.

Chris Maidment
Chair

Who we are and what we do

2025 marks the 120th anniversary of Friends of the Elderly – a milestone that reflects our commitment to providing care, companionship and support for older people. 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 22, none of which have carried out charitable activities during the year.

Objective: achieve better outcomes for all

Supporting our communities with dementia knowledge

When a family member or friend begins to show early signs of dementia, there is no guide or training available to prepare you for the challenges of caregiving, which can often be profoundly distressing, and sometimes a lonely journey.

In January 2025, we created a new Head of Dementia Care position in the Charity. This role improves dementia care in our homes and day centres and helps families and friends of those living with dementia. We have started regular workshops to help people understand dementia and communicate better with their loved ones. Most workshops are online, but we also had our first community event in Reading.

Yvette Carr, Head of Dementia Care said: *"Our first community event in Reading showed just how valuable it is for families and friends to come together, share experiences, and learn more about dementia. These sessions aren't just about information — they're about giving people practical tools and the chance to connect with others facing similar challenges."*

Grants service

Our grants service helps older people living on low incomes. Many of the people we support have exhausted all other avenues and have nowhere else to turn. Grants can pay for essential needs like a new fridge or washing machine, unexpected bills, food, clothing, bedding, gas and electricity costs, disability adaptations, mobility aids, transport to medical appointments – we even help with funeral costs.

Our Winter Appeal featured the story of a grant recipient that we called Iris*, aged 73, who told us: *"It's a real situation, where you really do have to choose whether to eat or heat your home. I don't know what I would have done without Friends of the Elderly, there was no one I could turn to for help. I am eternally grateful."*

£332,000 was given away in grants and allowances to individuals and community groups in the year. This is 8% lower than last year due to some temporary team vacancies. Our small team handles the grant payments, spending time to review and process each request. We think about each person, deciding if they need more help than they ask for, or if they might benefit from being signposted to other services.

Community engagement

At Friends of the Elderly we believe that our care homes and day centres should be part of the local community, and our residents and day care clients should have the opportunity to connect and engage with people from outside our services. Likewise, our facilities can provide extra support to local residents and groups. There are examples every day across all our services, including: joint activities for residents and local toddler groups; six people from the local area joining residents at the Bernard Sunley care home for Christmas lunch, rather than eating alone; volunteers of all ages; dog shows; and hosting a community 'Knit and Natter' group meeting.

One meaningful example was the Wallington day care Christmas party, also involving residents of the sheltered housing scheme where the day care service is run, and families and friends. As well as great fun, it brought back memories of past parties. Music can connect people even when memories fade. For people to have fun with their loved ones and step away from the role of carer for a few hours is invaluable.

(* name changed to protect identity, words are all clients own)

Objective: provide outstanding care

Care quality

All our care homes are rated ‘Good’ by the Care Quality Commission (CQC), with the exception of Little Bramingham Farm, which received an ‘Outstanding’ rating in 2020. There have been no CQC inspections conducted in our care homes during this financial year. Since the year-end there was one CQC inspection, in August 2025, but no report has been received at the time of approval of these financial statements.

We ensure the quality of care in our homes through regular mock CQC inspections carried out by an independent third party. The findings from these inspections, combined with our internal audits and reviews, enable us to enhance our services. We maintain care plans in electronic systems to guarantee accurate and timely information. Our care policies are developed by a specialist third party and are incorporated into our training programs. By equipping our teams with the right tools and closely monitoring their performance, our care staff and managers can concentrate on delivering care that aligns with each resident's preferences and needs.

Friends Place

We are delighted to be opening our new 66-bed care home, Friends Place, located in Calcot, Reading, in August 2025. With its modern design, the facility will help us to provide high-quality care, without the challenges of older buildings. It also has facilities that support residents to continue doing the activities they love. The care home features multiple lounges, a cinema room, a hair salon, a small shop, and a garden room leading to the accessible garden. Residents can engage in varied activities or enjoy quiet moments alone or with family in designated areas outside their bedrooms.

We eagerly anticipate welcoming new residents, their families, and staff in the coming months.

Keeping everyone safe

A fundamental part of providing outstanding care is to ensure those needing our support are protected from harm, reflected in our core value of keeping everyone safe. Safeguarding is therefore at the heart of all we do.

In addition to training care home teams and promoting a culture of openness in which staff are encouraged to report concerns, the Board of Trustees has established a Safeguarding Monitoring Group (SMG) led by an independent chair with extensive experience in the field. SMG membership comprises external experts, trustees, relatives of our residents, and senior managers. As well as monitoring our practices, policies and procedures and their implementation, to help us prevent safeguarding concerns, the SMG reviews any concerns raised to identify issues so we can continuously learn and improve, contributing to our commitment to providing outstanding care.

Objective: become an employer of choice

Celebrating success

Ann Essam, an Activities Coordinator at our Redcot care home, won the award for 'Unsung Hero – Making Care Possible' at the 2024 Surrey Care Awards. Ann returned to work after she'd retired as, in her own words, she couldn't take to retirement and was adamant she wanted to continue to care for and help others. *"Being able to work each day with the fantastic Redcot residents is a blessing,"* continued Ann. *"As I'm not that much younger than most of the residents, we can relate and connect so well on so many levels about so many things. I truly believe this is why we are all so close and one big happy family."*

Other finalists at the Surrey Care Awards were Fran Simpson and Nicola Davies, Managers of two of our day care services, who were nominated for the 'Care Worker of the Year – Supported Living / Day and Community Services category' award. Ann was also a finalist at the National Care Awards, as was Little Bramingham Farm for 'Care home of the year'.

Staff satisfaction

In the past year, staff turnover was 16% (2023-24: 21%), while the national average for the care sector was 27%. Relatively low staff turnover has a positive impact on the consistency and quality of care for our residents and day care clients.

In our recent staff survey, 92% of respondents said they would recommend Friends of the Elderly as a good workplace. We will keep track of this score in the future.

However, only 23% of staff responded to the survey, which is lower than the 2023 wellbeing survey 32%. Low response rates are common in the care sector, as most staff are busy caring for residents and clients, and do not work from a computer. This shows the challenge of keeping staff informed about Friends of the Elderly news, which was also noted in the responses we received. We are looking for other ways to communicate besides emails, letters and noticeboards.

Objective: deliver financial sustainability and accountability

Operating results

Refer to pages 13 to15 for a summary of the results for the year.

The RNNH

As reported last year, we closed the RNNH care home in June 2024. The building was not suitable for increasing care needs. Our priority was to ensure smooth transitions for the 25 residents, the annex's two tenants, and their families. We are grateful for the professional attitude of all the RNNH staff, who put the wellbeing of residents and tenants first, and continued to provide exceptional care until the last resident left.

While deciding what to do with the site in the future, we have secured it with hoardings, security cameras and security patrols. The building is endowed and owned by the Retired Nurses National Home 1937 Charity, with Friends of the Elderly trustees being corporate trustee. This meant Charity Commission approval was required to release the endowment restrictions, and for FotE as corporate Trustee be in a position to to decide to sell or redevelop the site. This approval is subject to a period of public notice, which is running in August and September 2025.

The Old Vicarage

The sale of The Old Vicarage to Hanning Homes was completed on 15 April 2025, following the signing of contracts in September 2024. The gap between exchange and completion was due to the time required to complete the CQC registration process for the new provider. This was part of a wider backlog, with an inspector assigned in February 2025. We recognise this period may have been uncertain for staff, residents, and families, and we sincerely appreciate their patience and understanding throughout.

The sale helps secure our financial future, while allowing The Old Vicarage to have a new owner that can invest in the care home.

Property compliance

Our care home buildings are a mixture of original older houses; extensions from the 1970s and 1980s; and newer buildings. Changing building regulations, particularly relating to fire safety and fire control, are an absolute priority, but a financial challenge. We make use of specialist fire safety consultants and risk assessors and use a 'primary fire authority' to ensure our buildings across all counties meet the same agreed standards. We spent £250,000 on fire and electrical compliance in 2024-25, with a further £670,000 planned in 2025-26. Some larger unrestricted legacies have helped pay for these improvements.

Other matters

Last year, we said we were trying to sell a house near one of our care homes in Haslemere. This house was used for staff accommodation but can be accessed separately from the care home. It was a quiet time for the housing market, so we took it off the market, and will consider remarketing it again in the future. There is no urgent need for its sale, though we would like to use the proceeds towards care home refurbishments.

Future plans

Future vision – integrated retirement communities

In March 2025, the Charity received planning approval to build an Integrated Retirement Community, also called Extra Care housing on part of our Coulsdon site. The 63 flats and eight cottages will provide the opportunity for people to live independently but still get care and support if needed, with a café and community activities running from the original Woodcote Grove House. We are delighted with this outcome after several years of work. This is an important step in meeting the demand for supported living options for older people in our communities.

Construction will take some time, and the new development will not affect our Coulsdon care home, Orford House, as it will be on a different part of the large site.

Mobilisation of Friends Place

As already mentioned, our new care home in Reading, Friends Place, opened in August 2025. Any new care home has a period of significant start-up costs, more so for a leasehold care home such as this. The new care home is not expected to break even until late in year two. Our financial planning reflects this, and allows for potential delays.

One of the main risks was any potential delay to CQC registration – without this we could have a staffed care home ready and waiting but no residents. We can confirm that CQC registration was received in early August, just over two weeks after the lease started. This is a good outcome, as we had heard of registration taking several months for other newbuild care homes.

The other main challenge is attracting enough new residents. Our marketing activities started in spring 2025, and we have also prioritised local engagement, such as free talks for anyone in the local area supporting people living with dementia. We have also launched a day care service run from Friends Place, making use of our new facilities and providing support for local people who do not need full time residential care. The first resident arrived in August, with several more permanent and respite residents arriving in September. This will remain an area of key focus for management and trustees, and will be a key factor impacting the Charity's financial results for the next two to three years.

Recruiting a new team has been successful, although there are more roles to fill as resident numbers increase over the coming year. Friends Place has excellent transport links and is surrounded by houses, making it an attractive workplace for staff.

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.

It was a remarkable year for fundraising, with £2,202,000 recorded as income in the year. We are incredibly grateful to all our supporters, whose belief in our Charity means we can continue to help more older people who are living in poverty and give the people in our care the best possible outcomes.

Fundraising activities (continued)

It was an exceptional year for legacy income and we are very grateful to the individuals who chose to invest in Friends of the Elderly's future. An increase in 'In Memory' donations was testament to the positive experiences that people are having in our care homes and day centres.

Patrick Christys' fundraising captured the hearts of his GB News viewers, and we were humbled and astounded to receive overwhelming support from 13,009 individual donors in support of our grants service. The generosity of Talk TV's listeners and the customers of D&D London's restaurants all helped to make a real difference.

We benefitted from the support of trusts and foundations throughout the year, some of whom have been donating to us for decades. We thank you all sincerely for your loyalty and ongoing belief in our valuable work.

We would like to give a say a huge **thank you** to all of the individuals and organisations that donated to us in 2024-25, your kindness and generosity means we can continue to provide vital support and hope to older people who need us.

The Charity subscribes to the voluntary Fundraising Regulator scheme. We have not received any complaints in this accounting period relating to fundraising practices (2023-24: 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

Friends of the Elderly's grants programme is designed to assist older individuals facing financial difficulties and support them to live with dignity and in comfort.
Grants can be used to cover essential expenses such as purchasing a new fridge, food, or clothing, paying unexpected bills, or covering gas and electricity costs. Applications are made by 'Referral Agents', through our online portal.

Last year we worked in partnership with 630 individual agents in 425 organisations including community centres, religious centres, carers centres, housing associations , and charities like Age UK. We gave 956 grants and allowances to individuals in the year with a value of £322,000, plus 2 grants to community groups totalling £10,000.

To decide if a grant can be given, we check the recipient's financial situation to see if they qualify and how the grant will help. We also try to guide applicants to other funding sources if we can.

We have set up an online process that speeds up applications, and we continuously look for ways to streamline our work so that we can help more people in the future.
We continuously monitor and evaluate the service and use the findings to ensure we are reaching the people who need us the most. The results demonstrate that our grants service is improving living standards, enhancing wellbeing and mental health, and reducing anxiety and isolation. We are also finalising a strategy to make the best use of the additional and unexpected donations we received this year.

Financial Review

The Charity's results are impacted each year by unrealised gains and losses on investments, and one-off adjustments based on estimates, such as impairment charges. A reconciliation to the underlying operational result is as follows:

	2025	2024
	£'000	£'000
Operational deficit	**(1,088)**	**(1,574)**
One-off items		
RNNH closure costs	(497)	(112)
Unusual legacy	1,070	-
Non-operating items		
Investment market (losses)/gains	(226)	1,033
Impairment net reversal/ (charge)	96	(74)
Lease surrender premium net gain	-	631
Other income and other expenditure	(58)	(72)
Net movement in funds reported	**(703)**	**(168)**

Care home occupancy has the greatest influence on financial performance. In 2024–25, average occupancy was 233, down from 276 in 2023–24. 32 of this difference is the closure of the RNNH in June 2024. While some homes performed strongly, The Old Vicarage was loss-making due to disruption linked to the pending sale. Malvern faced challenges following a period of change that led to a management restructure and took time to stabilise. However, occupancy at Malvern increased by 40% between January and May 2025, showing a clear upward trend.

Impairment charges of £49,000 were booked (reported in other expenditure), and an impairment partial reversal of £145,000 (shown in other income). Impairment charges arise when the carrying value of a care home or other asset is believed to be lower than its estimated value, often due to low occupancy. The partial reversal of a past impairment charge relates to the RNNH land, which has gained value. The lease surrender premium in 2024 was money received by the Charity to end the London central office lease early.

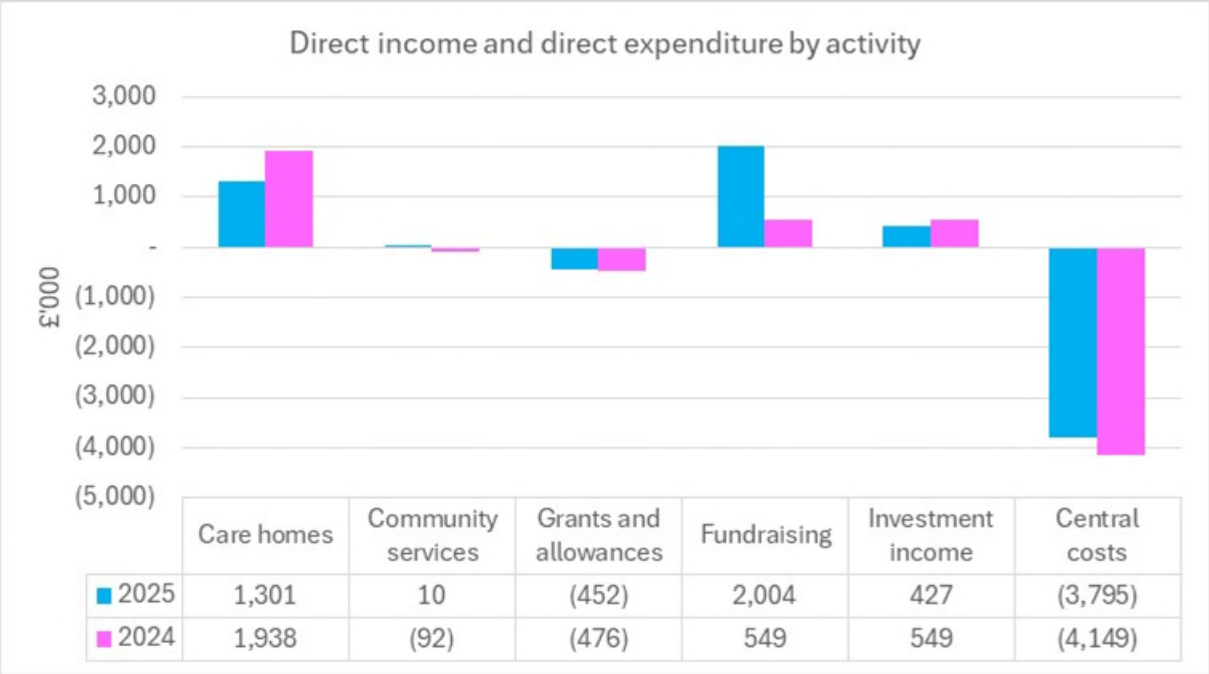
The recent strategic changes – including closure of the RNNH, sale of The Old Vicarage, and opening of Friends Place – mean that the Charity's operating costs are out of proportion with its revenue. Further operating losses are expected in the next two years due to Friends Place start-up costs, after which we expect to be on a more level footing.

In the first part of the year our finances were helped by funds from our linked charity, the Sir Thomas Lipton Charity (STL). We withdrew £1.7m of STL's investments in the year to fund the operating losses and building improvements. The sale of The Old Vicarage in April 2025 provides funding until Friends Place is expected to make a surplus.

Financial Review (continued)

Results by activity

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



	Care homes	Community services	Grants and allowances	Fundraising	Investment income	Central costs
2025	1,301	10	(452)	2,004	427	(3,795)
2024	1,938	(92)	(476)	549	549	(4,149)

This graph highlights that care homes are impacted by RNNH closure costs, and fundraising income was exceptionally high. Community services relate mostly to our day centres, where we saw increasing numbers of clients joining through the year. The £354,000 reduction in central costs is partly due to the March 2024 move from the leased London office to office space above our Woking day centre.

Investments

Investment income shown in the graph above includes income from rental accommodation (the majority of which is staff accommodation).

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.

The trustees employ two 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).

Financial Review (continued)

Investment performance

	CCLA	LGIM	Total
	£'000	£'000	£'000
Balance at 1 April 2024	8,475	5,002	13,477
Balance at 31 March 2025	6,268	5,137	11,405
Unrealised gains/(losses) on valuation	(306)	145	(161)
Realised gains/(losses) on disposal	(9)	1	(8)
Investment income	185	195	380
Income return	3%	4%	3%
Capital return	(4%)	3%	(1%)
Cumulative capital return over 5 years	**31%**	**28%**	**30%**
Cumulative capital return target over 5 years			**55%**

Between March and June 2025 the market value of investments increased by £225,000.

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. High inflation and volatile markets in recent years have made this a challenging target, and performance for both fund managers is currently below 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.

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 (2024: £2.8m).

Tangible fixed assets

The Charity has tangible fixed assets worth £22.6m (2024: £21.9m), the majority of which relate to care homes, and equipment used in the delivery of our services. A total of £1.2m was invested in our assets in the year (2024: £0.8m). Care homes are recorded in the balance sheet at their original cost, minus depreciation and impairment charges. Often, their value is higher than this.

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.
- **Permanent endowment funds** are capital held to generate income, where the income is used according to the donor's wishes, but the capital cannot be spent. **Expendable endowment funds** may also convert the capital into an income fund for spending.

Financial Review (continued)

- **Unrestricted funds** can be used for any purposes in accordance with the Charity's objects, but also support future investment and any 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** are unrestricted funds set aside by the trustees for particular purposes. They represent 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.

	Group 2025 £'000	Group 2024 £'000	Charity 2025 £'000	Charity 2024 £'000
The funds of the charity:				
Restricted funds	3,067	4,773	3,067	4,773
Endowments	9,561	9,599	9,561	9,599
Unrestricted funds:				
Designated funds	19,179	18,712	19,348	18,864
General reserves - revaluation reserve	2,438	2,495	2,438	2,495
General reserves - other	3,281	2,655	3,287	2,664
Pension reserve	(4)	(9)	(4)	(9)
Total unrestricted funds	24,894	23,853	25,069	24,014
Total charity funds	**37,522**	**38,225**	**37,697**	**38,386**

Reserves policy

Our reserves policy focuses on the level of general reserves. We need these reserves to keep our services running if our income falls or we have unexpected costs. The trustees review this policy annually.

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 working capital, particularly during this time of strategic change;
- make sure we have funds to meet our commitments to service users and beneficiaries; and
- ensure we can continue to make regular grants.

Financial Review (continued)

The trustees have set a target for general reserves of £4.1m. This is an increase from the target set in 2024, following an updated review of the key risks that could impact on financial results – such as risks that could result in a significant fall in occupancy or forced closure of care homes.

Charity general reserves	**2025**	**2024**
	£'000	**£'000**
Target	**4,100**	**3,000**
General reserves reported	5,725	5,159
General reserves less investment property	**2,946**	**2,323**

General reserves are shown above excluding investment property, because these are houses on care home sites that cannot be sold quickly. Excluding this, general reserves are below the minimum target at the end of the year. With the sale of The Old Vicarage in April 2025, they returned to a figure well above target.

‘Free’ reserves, further excluding tangible and intangible fixed assets as well as investment property, are £2.8m (2024: £2.2m). This fluctuates due to working capital requirements and market gains and losses on investments in stocks and shares.

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 2027, and are stress-tested through modelling a range of adverse scenarios and potential mitigating actions.

The sale of The Old Vicarage completing in April 2025 provides enough money for planned investment in services, start-up costs of Friends Place, and operating costs through this period of change. Modelling of worsening scenarios – such as a rapid fall in occupancy – shows there are enough funds available through selling investments in the short term, and over a longer period the potential to sell the RNNH vacant site, or houses on the edge of care home sites.

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 work with the Senior Leadership Team (SLT) and the Senior Management Team (SMT) to identify and review the major risks to which the Group is exposed, and systems are in place to manage these 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. Oversight of risk management is delegated to the Audit and Risk Committee ARC), which reviews the risk register and makes recommendations to the board of trustees for approval annually. Risks are allocated to the three principal board committees with key risk areas featured on each meeting agenda. The ARC carries out more detailed examinations of key risk areas and management responses. Day-to-day risk management is delegated to the Chief Executive, the SLT, the SMT, and registered managers.

There are 16 risks on the risk register, including strategic risks relating to current projects. The most significant risks and the mitigating actions are as follows:

Risk	Mitigating actions
Safeguarding failure Abuse or negligence by staff, volunteers or third parties.	• Independently chaired Safeguarding Monitoring Group (SMG) meets quarterly and provides Annual Safeguarding Report to the board; membership includes external experts, trustees, relative representatives, and senior managers. SMG Concerns Review Group look at selected concerns in detail, identify learning, and propose changes to processes where necessary, and carry out themed reviews (eg falls). • Mandatory safeguarding and related training for all staff. • Policies and procedures in place for investigating complaints from service users, visitors, or professionals and raising concerns (whistleblowing) for staff and volunteers. • Independent Safeguarding Review of policies, procedures and practices across organisation carried out periodically.
Financial failure – increased risk as a result of current low occupancy	• Budgets, forecasts, and scenario plans, reviewed by board of trustees to identify when mitigating actions are required. Key Performance Indicators and Management Information provided quarterly to trustees. Long term strategic plans regularly reviewed. • Annual trustees review of the Reserves Policy, and monitoring against target.
Failure to meet people's care and support needs	• Person-centred approach to care, including VIPS framework for those living with dementia, designed to tailor support to each person. • Thorough needs assessment carried out for prospective residents prior to admission to care home to ensure ability to meet care and support needs. Care plan includes details of personal preferences of each resident, including cultural/ religious/ dietary matters so staff are aware and these can be met. • Safe and appropriate staffing levels maintained at all times.

Principal risks and uncertainties (continued)

Risk	Mitigating actions
Fire risk	• Annual fire risk assessments carried out by retained specialist Fire Safety Consultant. • Fire alarm systems at all premises in accordance with Fire Safety Order requirements. • Fire safety awareness training for all staff. Participation in fire drills required at least annually for all staff. • Personal emergency evacuation plan (PEEP) in place for each care home resident. Appropriate equipment in place in care homes including evacuation mats for those who need assistance. Training on equipment provided to staff. • Programme of remedial compartmentation and fire door works under way (following changes in building regulations) prioritised by level of risk and in accordance with approach agreed by Primary Fire Authority.

Employees and volunteers

Equal opportunities

Friends of the Elderly aims 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 goal is to promote equality and celebrate diversity, working together to build an inclusive workplace that attracts and keeps the best people – those who care and can make a difference. We are dedicated to listening, learning, and improving our workplace. We encourage all staff to commit to educating themselves and engaging in conversations with colleagues to learn, share stories, and treat everyone equally.

Our Equality, Diversity and Inclusion Policy outlines our commitment to ensuring all staff work in an environment free from harassment and discrimination, receiving equal treatment regardless of any protected characteristics. This policy covers all employment aspects within the Charity, including hiring, pay, training, promotions, workplace conduct, and termination.

We welcome applications from people with disabilities and strive to develop their skills, making reasonable adjustments to our premises and working conditions to support them in working or volunteering with us.

Key management personnel

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

Pay for the Charity's key management personnel is based on internal and external benchmarks. Internal benchmarks match pay with responsibility levels, while external benchmarks use data from similar roles in similar organisations. The Chief Executive approves pay changes, except for those related to the Chief Executive and SLT, which the Board of Trustees approves based on the Remuneration and Employment Committee's recommendation. Any major changes in pay for key management personnel are reviewed by the Remuneration and Employment Committee before being recommended to the Board.

Employees and volunteers (continued)

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:

- Managers hold regular meetings with their staff to share information and discuss events.
- 'Workplace' is a secure internal communications tool from Facebook that helps keep staff connected and aware of the wider activities of the Charity. This is being replaced with Viva Engage, that will perform a similar function.
- Staff, trustees, other volunteers and anyone who is interested in the charity can receive updates through a monthly newsletter, that covers news and activities across all of Friends of the Elderly.

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 keeps a range of stakeholders and supporters up to date with our day-to-day activities. There is also a monthly newsletter, which is emailed to subscribers, and published on social media. Each service provides more specific information to their stakeholders through local newsletters, resident meetings, family meetings, and stories in the local media.

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 Monitoring Group 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 6, and a summary of the number of people supported is on page 3.

Promoting the success of the charity (continued)

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. As part of the Charity's project management procedures, 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. This helps to ensure 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 the highest 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, 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 and actions across the organisation.

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 2025 and the previous year was as follows:

	Energy consumption kWh		**Greenhouse gas emissions tCO2e**	
	2024-25	**2023-24**	**2024-25**	**2023-24**
Gas	5,472,475	7,102,413	1,001	1,434
Electricity	1,958,718	1,714,247	347	328
Transport	96,533	91,367	24	20.4
Total	**7,527,726**	**8,908,027**	**1,372**	**1,782**
Per full time employee	21,205	23,018	3.9	4.6
Per care home resident	32,308	32,275	5.9	6.5

The calculation method conversion of the data for reporting is the UK Government GHG Conversion Factors for Company Reporting (version 1.0, 2025).

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

Carbon emission reporting (continued)

Systems (computer-based systems to control and monitor energy use). Continued improvements of this nature reduce energy consumption and improve energy performance, although this is a challenge with older care home buildings. New buildings, such as Friends Place, will make large strides towards the Charity's overall energy efficiency.

In recent years we have entered into energy fixed price contracts, fixed one or two years ahead. As a result of this, the charity avoided the highest energy prices in 2022 and 2023, and also allows for financial planning.

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 26.

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:

- **The Retired Nurses National Home (the RNNH).** The RNNH company was dormant during the year; the charity is retained as a shell charity and was inactive. The RNNH care home 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 original object, which was 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 Retired Nurses National Home 1937 charity**. 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.
- Trustees have committed to the principles of the Charity Governance Code, and the charity is working towards full compliance. Application is not a one-off event and requires continual commitment to the principles of the Code.
- 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 Monitoring Group 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 Charity Secretary who 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 6, along with the strategic objectives through which the aims will be achieved.

Pages 7 to 10 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 2025 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 26.

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 including the strategic report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The trustees are responsible for keeping adequate 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

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 trustees' responsibilities (continued)

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2025 was 12 (2024:11). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditor

Sayer Vincent LLP was appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The trustees' annual report which includes the strategic report has been approved by the trustees on 11 September 2025 and signed on their behalf by:

Chris Maidment
Chair

Registered Charity no. 226064
Registered Company no. 00133850

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. 00133850

Company Secretary
Soo Smith

Trustees
Nick Avery *(Vice Chair)* (*appointed 23 May 2024*) *1, 2*
Martin Beecroft *4*
Sonia Campbell *4*
Rob Chapman *1 (to 31 March 2025)*
David Deacon *1*
Craig Duncan (*appointed 23 May 2024*) *3*
Paul Foster *1, 3*
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 *2, 3 (to 31 March 2025)*
Sharon Prosser *2, 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)*
Rachel Hill *(Chief Executive) (from 4 August 2025)*
Jennifer Griffiths *(Finance Director, and Interim Co Chief Executive from 1 September 2024 to 3 August 2025)*
Mark Wilson *(Chief Operating Officer, and Interim Co Chief Executive from 1 September 2024 to 3 August 2025)*
Soo Smith *(Charity Secretary)*

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

Independent Chair of Audit and Risk Committee
Richard Elliott (*from 23 May 2024*)

Statutory auditor
Sayer Vincent LLP
110 Golden Lane,
London, EC1Y 0TG

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 auditor's 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 subsidiary (the 'group') for the year ended 31 March 2025 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2025 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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 Friends of the Elderly'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.

Independent auditor's report to the members of Friends of the Elderly (continued)

Other Information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Independent auditor's report to the members of Friends of the Elderly (continued)

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Capability of the audit in detecting irregularities

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

- We enquired of management, internal audit and the audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
    - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
    - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.

Independent auditor's report to the members of Friends of the Elderly (continued)

- We obtained an understanding of the legal and regulatory framework that the group operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the group from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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

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

Use of our report

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

Fleur Holden (Senior statutory auditor)
Date: 4 October 2025

for and on behalf of Sayer Vincent LLP, Statutory Auditor
110 Golden Lane, LONDON, EC1Y 0TG

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

Consolidated statement of financial activities for the year ended 31 March 2025 (incorporating the consolidated income and expenditure account)

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total Funds 2025 £'000	Total Funds 2024 *restated* £'000
Income from:						
Donations and legacies	*4*	1,611	591	-	**2,202**	752
Income from charitable activities:	*8*					
Residential care		18,297	-	-	**18,297**	20,037
Community services		784	-	-	**784**	703
		19,081	-	-	**19,081**	20,740
Investment Income	*5*	282	267	1	**550**	639
Other income	*6*	71	-	145	**216**	631
Total		21,045	858	146	**22,049**	22,762
Expenditure on:						
Raising funds:	*8*					
Fundraising costs		304	36	-	**340**	334
Investment management costs		162	-	-	**162**	115
		466	36	-	**502**	449
Charitable activities:	*8*					
Residential care		19,824	431	-	**20,255**	21,738
Community services		988	23	-	**1,011**	1,046
Community engagement		-	-	-	**-**	3
Grants and allowances		169	401	-	**570**	571
		20,981	855	-	**21,836**	23,358
Other expenditure	*6*	178	-	-	**178**	146
Total		21,625	891	-	**22,516**	23,953
Net (expenditure)/ income before (losses)/gains on investments	*9*	**(580)**	**(33)**	**146**	**(467)**	(1,191)
Net (losses)/gains on investments	*15*	(131)	(21)	(74)	**(226)**	1,033
Net (expenditure)/income		(711)	(54)	72	**(693)**	(158)
Other recognised gains/(losses)						
Actuarial (losses) on defined benefit pension scheme	*20*	(10)	-	-	**(10)**	(10)
Transfers between funds	*22*	1,762	(1,652)	(110)	**-**	-
Net movement in funds		**1,041**	**(1,706)**	**(38)**	**(703)**	(168)
Reconciliation of funds:						
Total funds brought forward	*22*	23,853	4,773	9,599	**38,225**	38,393
Total funds carried forward	*22*	**24,894**	**3,067**	**9,561**	**37,522**	38,225

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 2024 by fund are disclosed in note 2. The restatement in 2024 relates to a classification change, refer to note 6.

The notes on pages 34 to 64 form part of these financial statements.

Group and Charity balance sheets as at 31 March 2025

	Notes	Group 2025 £'000	Group 2024 £'000	Charity 2025 £'000	Charity 2024 £'000
Fixed assets					
Intangible assets	*13*	10	42	10	42
Tangible assets	*14*	22,445	21,776	22,614	21,928
Investments	*15*	14,184	16,313	14,194	16,323
Total fixed assets		36,639	38,131	36,818	38,293
Current assets					
Debtors	*16*	3,053	2,806	3,027	2,774
Cash at bank and in hand		2,239	2,511	2,232	2,457
Total current assets		5,292	5,317	5,259	5,231
Creditors					
Amounts falling due within 1 year	*17*	(3,349)	(3,891)	(3,320)	(3,806)
Net current assets		1,943	1,426	1,939	1,425
Total assets less current liabilities		38,582	39,557	38,757	39,718
Creditors					
Amounts falling due after more than one year	*18*	(1,056)	(1,211)	(1,056)	(1,211)
Provisions for liabilities	*19*	-	(112)	-	(112)
Net assets excluding pension liabilities		37,526	38,234	37,701	38,395
Defined benefit pension scheme liability	*20*	(4)	(9)	(4)	(9)
Total net assets		**37,522**	**38,225**	**37,697**	**38,386**
The funds of the charity:					
Restricted funds	*22*	3,067	4,773	3,067	4,773
Endowments	*22*	9,561	9,599	9,561	9,599
Unrestricted funds:					
Designated funds	*22*	19,179	18,712	19,348	18,864
General reserves - revaluation reserve	*22*	2,438	2,495	2,438	2,495
General reserves - other	*22*	3,281	2,655	3,287	2,664
Pension reserve	*22*	(4)	(9)	(4)	(9)
Total unrestricted funds		24,894	23,853	25,069	24,014
Total charity funds	*22*	**37,522**	**38,225**	**37,697**	**38,386**

The notes on pages 34 to 64 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 £689,000, which includes net losses on investments of £226,000 (2023-24: net expenditure of £137,000, including net gains on investments of £1,033,000).

The financial statements were approved by the Board of Trustees on 11 September 2025 and were signed on their behalf by:

Chris Maidment, *Chair*

Company No. 00133850

Consolidated statement of cash flows for the year ended 31 March 2025

	Notes	2025 £'000	2025 £'000	2024 £'000	2024 £'000
Cash flows from operating activities:					
Net cash (used in) operating activities	24		**(1,301)**		**(1,662)**
Cash flows from investing activities:					
Dividends, interest and rents from investments		550		639	
Interest payable		(92)		(101)	
Purchase of intangible fixed assets		-		(21)	
Purchase of property, plant and equipment		(1,194)		(834)	
Purchase of investments		-		(500)	
Proceeds from sale of investments		1,902		1,925	
Proceeds from lease surrender		-		631	
Proceeds from sale of property, plant and equipment		-		9	
Net cash provided by investing activities			**1,166**		**1,748**
Cash flows from financing activities:					
Repayments of borrowings		(137)		(124)	
Net cash used in financing activities			**(137)**		**(124)**
Change in cash and cash equivalents in the year			(272)		(38)
Cash and cash equivalents at the beginning of the year			2,511		2,549
Cash and cash equivalents at the end of the year			**2,239**		**2,511**
Cash and cash equivalents comprise the following:					
Cash			**2,239**		**2,511**

Analysis of net funds

	At 1 April 2024 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 March 2025 £'000
Cash and cash equivalents				
Cash	2,511	(272)	-	2,239
Borrowings				
Debt due within one year	(133)	137	(155)	(151)
Debt due after one year	(1,211)	-	155	(1,056)
	(1,344)	137	-	(1,207)
Net funds	**1,167**	**(135)**	**-**	**1,032**

Analysis of net funds for the prior year

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

Notes to the financial statements for the year ended 31 March 2025

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 2027, and are stress-tested through modelling a range of adverse scenarios and potential mitigating actions.

The sale of The Old Vicarage completing in April 2025 provides enough money for planned investment in services, start-up costs of Friends Place, and operating costs through this period of change. Modelling of worsening scenarios – such as a rapid fall in occupancy – shows there are enough funds available through selling investments in the short term, and over a longer period the potential to sell the RNNH vacant site, or houses on the edge of care home sites.

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).

1. Principal accounting policies (continued)

(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.

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

Income in 2023-24 included 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.

1. Principal accounting policies (continued)

(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

(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

1. Principal accounting policies (continued)

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).

(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.

1. Principal accounting policies (continued)

(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.

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.

1. Principal accounting policies (continued)

(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).

(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.

1. Principal accounting policies (continued)

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.

An impairment charge of £48,000 recorded in the year relates to past costs capitalised for assessment and evaluation of potential development, but which cannot be shown to have financial benefit at this time. Separately to this, past impairment charges of £145,000 were reversed, also in relation to the RNNH site, following an increased valuation of the land.

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 two years, so this discount rate is no longer a key judgement.

Tangible fixed assets and depreciation

Note 1(i) 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.

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 – including March 2025 - with an annual review undertaken as to whether there are any indicators of material changes in value in other years. In March 2025 valuations are based on local estate agent valuations; surveyor valuations; and experience of offers received when one home was recently on the market. Adjustments are made for the costs to separate legal title and access, and costs of sale

2. Consolidated statement of financial activities by fund 2024

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total Funds 2024 £'000
Income from:		*restated*			*restated*
Donations and legacies	*4*				
Other donations and legacies		338	414	-	**752**
		338	414	-	**752**
Income from charitable activities:	*8*				
Residential care		20,037	-	-	**20,037**
Community services		703	-	-	**703**
		20,740	-	-	**20,740**
Investment Income	*5*	290	348	1	**639**
Other income	*6*	631	-	-	**631**
Total		21,999	762	1	**22,762**
Expenditure on:					
Raising funds:	*8*				
Fundraising costs		280	54	-	**334**
Investment management costs		115	-	-	**115**
		395	54	-	**449**
Charitable activities:	*8*				
Residential care		20,926	812	-	**21,738**
Community services		1,016	30	-	**1,046**
Community engagement		-	3	-	**3**
Grants and allowances		150	421	-	**571**
		22,092	1,266	-	**23,358**
Other expenditure	*6*	146	-	-	**146**
Total		22,633	1,320	-	**23,953**
Net (expenditure)/ income before	*9*	**(634)**	**(558)**	**1**	**(1,191)**
Net (losses)/ gains on investments		271	285	477	**1,033**
Net (expenditure)/ income		(363)	(273)	478	**(158)**
Other recognised gains/(losses)					
Realised gains on sale of fixed assets			-		**-**
Actuarial (losses) on defined benefit pension		(10)	-	-	**(10)**
Transfers between funds	*22*	1,492	(1,026)	(466)	**-**
Net movement in funds		**1,119**	**(1,299)**	**12**	**(168)**
Reconciliation of funds:					
Total funds brought forward	*22*	22,734	6,072	9,587	**38,393**
Total funds carried forward	*22*	**23,853**	**4,773**	**9,599**	**38,225**

The restatement in 2024 relates to a classification change, refer to note 6.

3. Subsidiaries' performance

Summary of results for the year ended 31 March 2025:

	Potential Limited £'000	Friends of the Elderly Trading Limited £'000	The Retired Nurses National Home £'000
Income	239	-	-
Total expenditure	(234)	-	-
Total comprehensive income	5	-	-
Profits distributed to the Charity	(2)	-	-
Net assets at 31 March 2025	4	10	-

Summary of results for the year ended 31 March 2024:

	Potential Limited £'000	Friends of the Elderly Trading Limited £'000	The Retired Nurses National Home £'000
Income	419	-	-
Total expenditure	(417)	-	-
Total comprehensive income	2	-	-
Profits distributed to the Charity	(3)	-	-
Net assets at 31 March 2024	1	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

	2025 £'000	2024 £'000
Donations	911	464
Legacies	1,255	226
Pro-bono services	36	54
Total excluding government grants	2,202	744
Government grants (note 7)		
Covid-19 Adult Social Care	-	8
	2,202	752

5. Investment income

	2025 £'000	2024 £'000
Dividends from investments	380	466
Investment property rental income	86	101
Interest receivable	84	72
	550	639

6. Other income and other expenditure

Other income

	2025 £'000	2024 £'000
Gain on disposal of fixed assets	70	-
Gain on lease surrender	-	631
Impairment partial reversal	145	-
Other	1	-
	216	631

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.

The impairment partial reversal relates to the RNNH in Bournemouth. A valuation of the land received in February 2025 was higher than the carrying value of the site, which had been previously subject to impairment charges.

Other expenditure

	2025 £'000	2024 *restated* £'000
Costs of sale for sale completed post year-end	86	-
Impairment charge	49	74
Loss on disposal of fixed assets	43	72
	178	146

The 2024 restatement relates to a change in classification. The impairment charge and loss on disposal of fixed assets were disclosed as ‘other expenditure – charitable activities’ in 2024, now classified as part of other expenditure (outside of charitable activities).

The impairment charge of £48,000 impairment charge relates to the RNNH, where past assessment and evaluation costs for potential development were capitalised, but which cannot be shown to have financial benefit at this time.

7. Government grants

	2025 £'000	2024 £'000
Recorded within restricted income from donations and legacies		
Covid-19 Adult Social Care grants	-	8

Adult Social Care grants in 2024 related to Covid-19 emergency funding include a Workforce Capacity Fund These funds were administered and distributed by local authorities. All grant conditions were met for income recognised during the prior year.

8. Analysis of income and expenditure by charitable activity

	Residential care 2025 £'000	Community services 2025 £'000	Grants and allowances 2025 £'000	Raising funds 2025 £'000	Total 2025 £'000
Direct income	18,297	784	-	-	19,081
Other attributable fundraising income	10	20	525	1,647	2,202
Attributable investment income	208	-	59	283	550
Total income	**18,515**	**804**	**584**	**1,930**	**21,833**
Direct expenditure	16,996	774	120	321	18,211
Grant-funding of activities	-	-	332	-	332
Total income less direct expenditure	**1,519**	**30**	**132**	**1,609**	**3,290**
Attributable support costs:					
Governance	217	14	7	12	250
Operations, quality and training	786	49	15	9	859
Estates and facilities	183	8	-	23	214
Finance, HR and IT	1,579	78	39	25	1,721
Marketing and communications	348	83	28	83	542
Strategic and executive	146	5	29	29	209
Total attributable support costs	3,259	237	118	181	3,795
Total expenditure	**20,255**	**1,011**	**570**	**502**	**22,338**
Net surplus/ (deficit)	**(1,740)**	**(207)**	**14**	**1,428**	**(505)**

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).

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

The analysis for 2024 is as follows:

	Residential care 2024 £'000	Community services 2024 £'000	Community engagement 2024 £'000	Grants and allowances 2024 £'000	Raising funds 2024 £'000	Total 2024 £'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
Total income	**20,365**	**721**	**7**	**340**	**698**	**22,131**
Direct expenditure	18,099	795	3	115	285	19,297
Grant-funding of activities	-	-	-	361	-	361
Total income less direct expenditure	**2,266**	**(74)**	**4**	**(136)**	**413**	**2,473**
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
Total expenditure	**21,738**	**1,046**	**3**	**571**	**449**	**23,807**
Net surplus/ (deficit)	**(1,373)**	**(325)**	**4**	**(231)**	**249**	**(1,676)**

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:

	2025 £'000	2024 £'000
Staff costs (Note 10)	15,342	16,621
Amortisation of intangible fixed assets (Note 13)	32	9
Depreciation of tangible fixed assets (Note 14)	666	864
Impairment of tangible fixed assets (note 6)	49	74
Impairment charge partial reversal (note 6)	(145)	-
Auditor's remuneration - Audit of the Charity (current year)	38	43
Auditor's remuneration - Audit of subsidiary undertakings	2	2
Auditor's remuneration - Other Services	1	30
Professional indemnity insurance	2	2
Net (gain)/loss on disposal of fixed assets	(27)	72
(Gain) on lease surrender	-	(631)
Pension scheme net finance charge	-	1
Operating lease rentals	20	135

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

10. Staff costs

Staff costs were as follows:	2025 £'000	2024 £'000
Salaries	11,482	12,262
Social security costs	1,028	1,047
Defined contributuion pension scheme costs	598	647
Multi-employer pension scheme costs - change to pension provision (note 20)	(5)	(15)
	13,103	13,941
Agency - Care	763	1,199
Agency - Non-Care	16	1
Contract staff costs	1,460	1,480
Agency and contract costs	2,239	2,680

The following costs were incurred in relation to redundancies and are included within the staff costs total above.

	2025 £'000	2024 £'000
Redundancy payments made	88	35
Redundancy payment provision utilised	(91)	-
Redundancy future payments provided for	-	91
Ex gratia payments	6	-
Total cost	3	126

10. Staff costs (continued)

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:

	2025	2024
	No.	No.
£60,001 - £70,000	9	10
£70,001 - £80,000	3	1
£80,001 - £90,000	1	3
£90,001 to £100,000	1	1
£100,001 to £110,000	2	-
£140,001 to £150,000	-	1

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 (2024: none).

	2025	2024
	£'000	£'000
Total emoluments received	582	670
Employers' National Insurance	65	69
	647	739
	No.	No.
Average number of Senior Management Team	5.4	6.0

2023-24 emoluments include an element of deferred pay for one employee for 2020-21 to 2023-24 (2024-25: none).

11. Staff numbers

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

Employee numbers	2025 Headcount	2024 Headcount	2025 FTE	2024 FTE
	No.	No.	No.	No.
Care staff	383	423	293	327
Support staff	68	68	62	60
	451	491	355	387

12. Related party transactions

Trustees

The trustees received no remuneration for their services (2024: £nil). During the year ended 31 March 2025, £232 of expenses were paid to two trustees for travel costs incurred in the course of their duties as trustee of the Charity (2024: £nil). No donations were made by a related party of any trustee to the Group during the year (2024: £nil). Expenses waived by trustees during the year were not material (2024: not material).

12. Related party transactions (continued)

Key management personnel

There are no related party transactions with key management personnel to report for the year ended 31 March 2025 (2024: none).

Intercompany transactions

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

	2025 £'000	2024 £'000
Amounts charged/ (credited) to Potential		
Management fee	10	25
Property development costs recharged (capitalised within the Charity)	(239)	(388)
Distribution (donation) from Potential to the Charity	2	3
	(227)	(360)

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

	2025 £'000	2024 £'000
Amounts due to Potential	(68)	(193)
Amounts due to Friends of the Elderly Trading Limited	(5)	(5)
	(73)	(198)

13. Intangible fixed assets

	Group and Charity
Computer software	
Cost	**£'000**
At 1 April 2024	606
Additions	-
Disposals	(107)
At 31 March 2025	499
Amortisation	
At 1 April 2024	564
Charge for the year	32
Eliminated on disposal	(107)
At 31 March 2025	489
Net book value 31 March 2025	**10**
Net book value 31 March 2024	42

14. Tangible fixed assets

(a) Group	Freehold & Long Leasehold Property	Fixtures, Equipment and Vehicles	Total
Cost	**£'000**	**£'000**	**£'000**
At 1 April 2024	28,120	9,892	38,012
Additions	247	965	1,212
Disposals	-	(1,303)	(1,303)
At 31 March 2025	28,367	9,554	37,921
Depreciation			
At 1 April 2024	7,809	8,427	16,236
Charge for the year	236	430	666
Impairment charge	49	-	49
Impairment partial reversal	(145)	-	(145)
Eliminated on disposal	-	(1,330)	(1,330)
At 31 March 2025	7,949	7,527	15,476
Net book value 31 March 2025	**20,418**	**2,027**	**22,445**
Net book value 31 March 2024	20,311	1,465	21,776

(b) Charity	Freehold & Long Leasehold Property	Fixtures, Equipment and Vehicles	Total
Cost	**£'000**	**£'000**	**£'000**
At 1 April 2024	28,409	9,898	38,307
Additions	264	965	1,229
Disposals	-	(1,310)	(1,310)
At 31 March 2025	28,673	9,553	38,226
Depreciation			
At 1 April 2024	7,946	8,433	16,379
Charge for the year	236	430	666
Impairment charge	49	-	49
Impairment partial reversal	(145)	-	(145)
Eliminated on disposal	-	(1,337)	(1,337)
At 31 March 2025	8,086	7,526	15,612
Net book value 31 March 2025	**20,587**	**2,027**	**22,614**
Net book value 31 March 2024	20,463	1,465	21,928

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	
Assets in the course of construction	**2025 £'000**	**2024 £'000**	**2025 £'000**	**2024 £'000**
Cost and net book value	2,323	2,079	2,436	2,171

14. Tangible fixed assets (continued)

Assets in the course of construction include cost and net book value relating to the Coulsdon planning application granted in March 2025, and a successful planning application for an extension at New Copford Place.

Borrowing costs of £18,000 (2024: £19,000) 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.

15. Fixed asset investments

(a) Group	Investment Property £'000	Investments Unlisted £'000	Total £'000
Cost or valuation			
At 1 April 2024	2,836	13,477	16,313
Disposals (carrying value)	-	(1,911)	(1,911)
Unrealised losses on revaluation	(57)	(161)	(218)
At 31 March 2025	2,779	11,405	14,184
Cost at 31 March 2025	341	9,451	9,792

b) Charity	Investment Property £'000	Investments Unlisted £'000	Investment in Subsidiaries £'000	Total £'000
Cost or valuation				
At 1 April 2024	2,836	13,477	10	16,323
Disposals (carrying value)	-	(1,911)	-	(1,911)
Unrealised losses on revaluation	(57)	(161)	-	(218)
At 31 March 2025	2,779	11,405	10	14,194
Cost at 31 March 2025	341	9,451	10	9,802

Realised losses on disposals (Charity and Group) in the year were £8,000 (2024: realised gains of £48,000).

‘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	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Trade debtors	1,883	1,794	1,883	1,794
Other debtors	50	82	24	50
Prepayments and accrued income	1,120	930	1,120	930
	3,053	2,806	3,027	2,774

17. Creditors: amounts falling due within one year

	Group		Charity	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Trade creditors	1,105	1,163	1,065	885
Amounts due to subsidiary undertakings	-	-	73	198
Other creditors	426	438	426	433
Resident deposits	867	1,119	867	1,119
Taxation and social security	223	288	223	288
Accruals	577	750	515	750
Loans: Amounts Due Within One Year	151	133	151	133
	3,349	3,891	3,320	3,806

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

	Group and Charity	
	2025	2024
	£'000	£'000
Secured bank loan:		
Falling due within more than one year but less than five years	711	641
Falling due after five years	345	570
Total amounts falling due after one year:	1,056	1,211
Amounts falling due within one year (Note 17)	151	133
Total of all loans	1,207	1,344

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. £773,000 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. £434,000 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	
	2025	**2024**
	£'000	**£'000**
Provision for redundancy and related costs of closure	-	112
	-	112

Provision movement in the year was as follows:

	Group and Charity	
	2025	**2024**
	£'000	**£'000**
Provisions at 1 April	112	-
Utilised in year	(112)	-
Charged in year	-	112
Provisions at 31 March	-	112

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:

	Group and Charity	
Defined benefit pension scheme liability by Scheme	**2025**	**2024**
	£'000	**£'000**
Friends of the Elderly Pension and Life Assurance Scheme (1978) (Closed)	-	-
Scottish Voluntary Sector Pension Scheme ("SVSPS")	-	(1)
Career Average Revalued Earnings (CARE) Pension Scheme	(4)	(8)
	(4)	(9)

Reconciliation of opening and closing provision by Scheme

	FotE Closed 2025	**SVSPS Scheme 2025**	**CARE Scheme 2025**	**Total 2025**
	£'000	**£'000**	**£'000**	**£'000**
Provision at 1 April 2024	-	(1)	(8)	(9)
Interest expense	-	-	-	-
Contributions paid	10	1	4	15
Other gains/(losses):				
- Actuarial gains on defined benefit obligation	33	-	-	33
- Return on assets excluding interest income	(43)	-	-	(43)
- Change in the effect of asset ceiling	-	-	-	-
Provision at 31 March 2025	-	-	(4)	(4)

20. Pension schemes (continued)

Reconciliation of opening and closing provision by Scheme for 2024:

	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	-	(1)	(8)	(9)

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 £598,000 in the year (2024: £623,000).

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 2025 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 2025 and 2024, are as follows:

	Group and Charity: 2025			Group and Charity: 2024		
	Assets	**Defined benefit obligation**	**Net position**	**Assets**	**Defined benefit obligation**	**Net position**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Fair value at 1 April	936	(918)	**18**	1,038	(1,001)	**37**
Limit on recognition of assets	(18)	-	**(18)**	(37)	-	**(37)**
Scheme surplus recognised at 1 April	918	(918)	**-**	1,001	(1,001)	**-**
Benefits paid	(113)	113	**-**	(128)	128	**-**
Employer contributions	10	-	**10**	10	-	**10**
Amounts charged to Statement of Financial Activities:						
Interest income/ (cost)	41	(41)	**-**	47	(47)	**-**
Remeasurement gains/(losses)						
- Actuarial gains/(losses)	-	33	**33**	-	2	**2**
- Return on assets excluding interest income	(43)	-	**(43)**	(31)	-	**(31)**
- Change in the effect of asset ceiling	-	-	**-**	19	-	**19**
Total amounts charged to Statement of Financial Activities	(2)	(8)	**(10)**	35	(45)	**(10)**
Fair value at 31 March (less surplus not recognised)	813	(813)	**-**	918	(918)	**-**

The fair value of the assets of the scheme was:

	Group and Charity			
	2025 £'000	**2025 % of total plan**	**2024 £'000**	**2024 % of total plan**
Trustees bank account/ net current assets	11	1.3%	12	1.3%
Annuities	723	86.9%	796	85.0%
Gilts fund	98	11.8%	128	13.7%
Total	832	100.0%	936	100.0%

The return on the assets was:

	Group and Charity	
	2025 Market value £'000	**2024 Market valu £'000**
Interest income	41	47
Return on assets less interest income	(43)	(31)
Total return on assets	(2)	16

20. Pension schemes (continued)

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

Actuarial assumptions

	Group and Charity	
	2025	**2024**
Discount rate	5.50% pa	4.80% pa
RPI inflation	3.30% pa	3.40% pa
CPI inflation	2.30% pa	2.40% pa
Revaluation of deferred pensions	2.30% pa	2.40% pa

Mortality assumptions

	Group and Charity	
	2025	**2024**
Mortality (pre-retirement)	Nil	Nil
Mortality (post-retirement)	100% of S3PA CMI_2023_M/F [1.25%] (yob)	100% of S3PA CMI_2022_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 77 non-associated employers.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2023. This actuarial valuation was certified on 27 June 2024 and showed assets of £86.2m, liabilities of £88.2m and a deficit of £2.0m. From 1 June 2024 the majority of employers, including the Charity, no longer pay deficit contributions.

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 £2,703 in 2025-26, and £2,784 in 2026-27.

Discount rates

	Group and Charity	
	2025	**2024**
Discount rate: SVSPS	4.98%	4.90%
Discount rate: CARE	4.88%	4.95%

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 2025, represented by:

(a) Group	**Unrestricted funds £'000**	**Restricted funds £'000**	**Endowment funds £'000**	**Total funds £'000**
Intangible assets	10	-	-	10
Tangible assets	20,482	-	1,963	22,445
Investments	5,829	1,161	7,194	14,184
Current assets	2,982	1,906	404	5,292
Current liabilities	(3,349)	-	-	(3,349)
Non-current liabilities	(1,060)	-	-	(1,060)
	24,894	3,067	9,561	37,522

21. Analysis of net assets between funds (continued)

(b) Charity	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds £'000
Intangible assets	10	-	-	10
Tangible assets	20,651	-	1,963	22,614
Investments	5,839	1,161	7,194	14,194
Current assets	2,949	1,906	404	5,259
Current liabilities	(3,320)	-	-	(3,320)
Non-current liabilities	(1,060)	-	-	(1,060)
	25,069	3,067	9,561	37,697

Fund balances at 31 March 2024 were:

(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)
	23,853	4,773	9,599	38,225

(b) Charity	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds £'000
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)
	24,014	4,773	9,599	38,386

22. Movement in funds

Fund movements for the Group for the year ended 31 March 2025

(a) Group	As at 1 April 2024 £	Net income/ (expenditure) £	Other gains and (losses) £	Depreciation movement £	Net capital expenditure £	Loan movement £	Funds Transferred £	As at 31 March 2025 £
Unrestricted funds:								
Designated funds	18,712	-	-	(675)	1,015	127	-	19,179
General reserves:								
Revaluation reserve	2,495	-	(57)	-	-	-	-	2,438
Other reserve	2,655	(595)	(74)	675	(1,015)	(127)	1,762	3,281
Pension reserve	(9)	15	(10)	-	-	-	-	(4)
Total unrestricted funds	**23,853**	**(580)**	**(141)**	**-**	**-**	**-**	**1,762**	**24,894**
Restricted funds:								
Funds for residential care homes	261	(50)	-	-	-	-	10	221
Sir Thomas Lipton Memorial Home fund	2,449	-	(37)	-	-	-	(1,790)	622
Funds restricted to RNNH	18	(18)	-	-	-	-	-	-
Funds for grants and allowances	999	183	15	-	-	-	100	1,297
Funds for residents' subsidies	594	(144)	1	-	-	-	25	476
Community services	17	(6)	-	-	-	-	-	11
Community projects	38	3	-	-	-	-	3	44
Other restricted funds	397	(1)	-	-	-	-	-	396
Total restricted funds	**4,773**	**(33)**	**(21)**	**-**	**-**	**-**	**(1,652)**	**3,067**
Endowed funds:								
Expendable endowment - TGF	900	-	-	-	-	-	(100)	800
Expendable endowment - RNNH	9	-	1	-	-	-	(10)	-
Total expendable endowment	909	-	1	-	-	-	(110)	800
Permanent endowment:								
Endowed property - RNNH	1,583	-	-	145	-	-	-	1,728
Endowed properties - other	235	-	-	-	-	-	-	235
Funds for residential care homes	2,314	1	(27)	-	-	-	-	2,288
Funds for residents' subsidies	3,389	-	(35)	-	-	-	-	3,354
Funds for grants and allowances	1,169	-	(13)	-	-	-	-	1,156
Total permanent endowment	8,690	1	(75)	145	-	-	-	8,761
Total endowed funds	**9,599**	**1**	**(74)**	**145**	**-**	**-**	**(110)**	**9,561**
Total funds	**38,225**	**(612)**	**(236)**	**145**	**-**	**-**	**-**	**37,522**

22. Movement in funds (continued)

Fund movements for the Charity for the year ended 31 March 2025:

(b) Charity	As at 1 April 2024 £	Net income/ (expenditure) £	Other gains and (losses) £	Depreciation movement £	Net capital expenditure £	Loan movement £	Funds Transferred £	As at 31 March 2025 £
Unrestricted funds:								
Designated funds	18,864	-	-	(675)	1,032	127	-	19,348
General reserves:								
Revaluation reserve	2,495	-	(57)	-	-	-	-	2,438
Other reserve	2,664	(581)	(74)	675	(1,032)	(127)	1,762	3,287
Pension reserve	(9)	15	(10)	-	-	-	-	(4)
Total unrestricted funds	**24,014**	**(566)**	**(141)**	**-**	**-**	**-**	**1,762**	**25,069**
Restricted funds:								
Funds for residential care homes	261	(50)	-	-	-	-	10	221
Sir Thomas Lipton Memorial Home fund	2,449	-	(37)	-	-	-	(1,790)	622
Funds restricted to RNNH	18	(18)	-	-	-	-	-	-
Funds for grants and allowances	999	183	15	-	-	-	100	1,297
Funds for residents' subsidies	594	(144)	1	-	-	-	25	476
Community services	17	(6)	-	-	-	-	-	11
Community projects	38	3	-	-	-	-	3	44
Other restricted funds	397	(1)	-	-	-	-	-	396
Total restricted funds	**4,773**	**(33)**	**(21)**	**-**	**-**	**-**	**(1,652)**	**3,067**
Endowed funds:								
Expendable endowment - TGF	900	-	-	-	-	-	(100)	800
Expendable endowment - RNNH	9	-	1	-	-	-	(10)	-
Total expendable endowment	909	-	1	-	-	-	(110)	800
Permanent endowment:								
Endowed property - RNNH	1,583	-	-	145	-	-	-	1,728
Endowed properties - other	235	-	-	-	-	-	-	235
Funds for residential care homes	2,314	1	(27)	-	-	-	-	2,288
Funds for residents' subsidies	3,389	-	(35)	-	-	-	-	3,354
Funds for grants and allowances	1,169	-	(13)	-	-	-	-	1,156
Total permanent endowment	8,690	1	(75)	145	-	-	-	8,761
Total endowed funds	**9,599**	**1**	**(74)**	**145**	**-**	**-**	**(110)**	**9,561**
Total funds	**38,386**	**(598)**	**(236)**	**145**	**-**	**-**	**-**	**37,697**

22. Movement in funds (continued)

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)
Total unrestricted funds	**22,734**	**(634)**	**261**	**-**	**-**	**-**	**1,492**	**23,853**
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
Total restricted funds	**6,072**	**(558)**	**285**	**-**	**-**	**-**	**(1,026)**	**4,773**
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
Total endowed funds	**9,587**	**1**	**477**	**-**	**-**	**-**	**(466)**	**9,599**
Total funds	**38,393**	**(1,191)**	**1,023**	**-**	**-**	**-**	**-**	**38,225**

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)
Total unrestricted funds	**22,864**	**(603)**	**261**	**-**	**-**	**-**	**1,492**	**24,014**
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
Total restricted funds	**6,072**	**(558)**	**285**	**-**	**-**	**-**	**(1,026)**	**4,773**
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
Total endowed funds	**9,587**	**1**	**477**	**-**	**-**	**-**	**(466)**	**9,599**
Total funds	**38,523**	**(1,160)**	**1,023**	**-**	**-**	**-**	**-**	**38,386**

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 for 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 day care services.
- Funds for community projects are donations or grants received to be spent on projects, particularly those tackling loneliness and isolation.
- 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. 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. As a result of this order, the Sir Thomas Lipton Funds are held within restricted funds, instead of endowed funds.

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.

Fund transfers in the year

- A transfer of £1,709,000 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 £10,000 was made from an expendable endowment to a restricted fund to support the 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, or with the agreement of the original donor.

23. Operating leases and capital commitments

The following total amounts are payable for lease commitments:

	Group and Charity	
	2025	**2024**
	£'000	**£'000**
Land and buildings		
Within one year	7	5
Within 2 to 5 years	26	-
	33	5
Other		
Within one year	15	15
Within 2 to 5 years	14	14
	29	29
Total	62	34

As at 31 March 2025 there was £26,000 (2024: £24,000) 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 started when the building was ready to occupy, in July 2025.

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

	2025	**2024**
	£'000	**£'000**
Net movement in funds	(703)	(168)
Unrealised and realised losses/(gains) on investments	226	(1,033)
Net gain on lease surrender	-	(631)
Net (gains)/losses on disposal of fixed assets	(27)	72
Actuarial losses on pension schemes	10	10
Investment income	(550)	(639)
Interest payable	74	82
Depreciation on tangible assets	666	864
Impairment of tangible assets	49	74
Impairment charge reversal	(145)	-
Amortisation on intangible assets	32	9
Difference between pension contributions and net costs	(14)	(25)
(Increase) in debtors	(247)	(902)
(Decrease)/increase in creditors	(560)	513
(Decrease)/increase in provisions	(112)	112
Net cash used in operating activities	(1,301)	(1,662)

25. Financial instruments

The Group and Charity have financial instruments categorised as follows:

Group and Charity	2025	2024
	£'000	£'000
Financial assets measured at fair value through the SoFA	11,405	13,477

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

26. Post balance sheet events

The sale of The Old Vicarage, as an operating care home, was completed on 15 April 2025.

Friends Place, the Charity's new care home in Calcot, Reading, opened for residents in August 2025. The lease referred to in note 23 started from 17 July 2025. CQC registration was granted on 1 August 2025.

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 2025 there were 12 members (2024: 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
Website www.fote.org.uk

Royal Patron

Her Royal Highness The Princess Royal

President

HRH Princess Alexandra

Vice Presidents

Mrs Joan Orford

Patrons

Sir Michael Perry GBE

Mr Kerry Rubie MBE