

Report of Trustees and Annual Accounts 2016/17



About Age UK

Age UK, its subsidiary charities and trading companies are all dedicated to helping everyone make the most of later life.

We are national

In the UK, we help over 7 million people every year, providing support, companionship and advice for the older people who need it most.

We are local

We work as part of a network of independent charities which includes Age UK; our national partners Age NI, Age Scotland, Age Cymru and their six local Age Cymrus; over 150 local Age UKs in England; and hundreds of smaller organisations called Age UK Friends and Forums. Age UK, local Age UKs and Age UK Friends are members of The Age England Association, a body that supports us to work together collectively.

We are international

We work with our international subsidiary charity, Age International, to fund programmes in over 30 developing countries. Age International is a member of the HelpAge global network and the Disasters Emergency Committee (DEC).

The Age UK Annual Report and Accounts describes the activities of Age UK, its subsidiary charities and trading companies. It also refers to the activities of our local and national charity partners where we fully or partly fund those activities. As independent charities, members of the Age UK network publish their own Annual Reports and Accounts.

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How we work

Age UK's high-level objectives

- Achieving our charitable purpose to help more people to love later life
- Engaging with our audiences; reaching more people and improving their experience with us
- Investing in our long-term future; developing and securing income streams
- Improving the quality and effectiveness of Age UK

Our values

- We are respectful
- We are inclusive
- We are positive
- We are realistic
- We are expert
- We are solutions focused
- We are empowering

Our ambitions

Our ambitions set out the outcomes we would like to see for all older people.

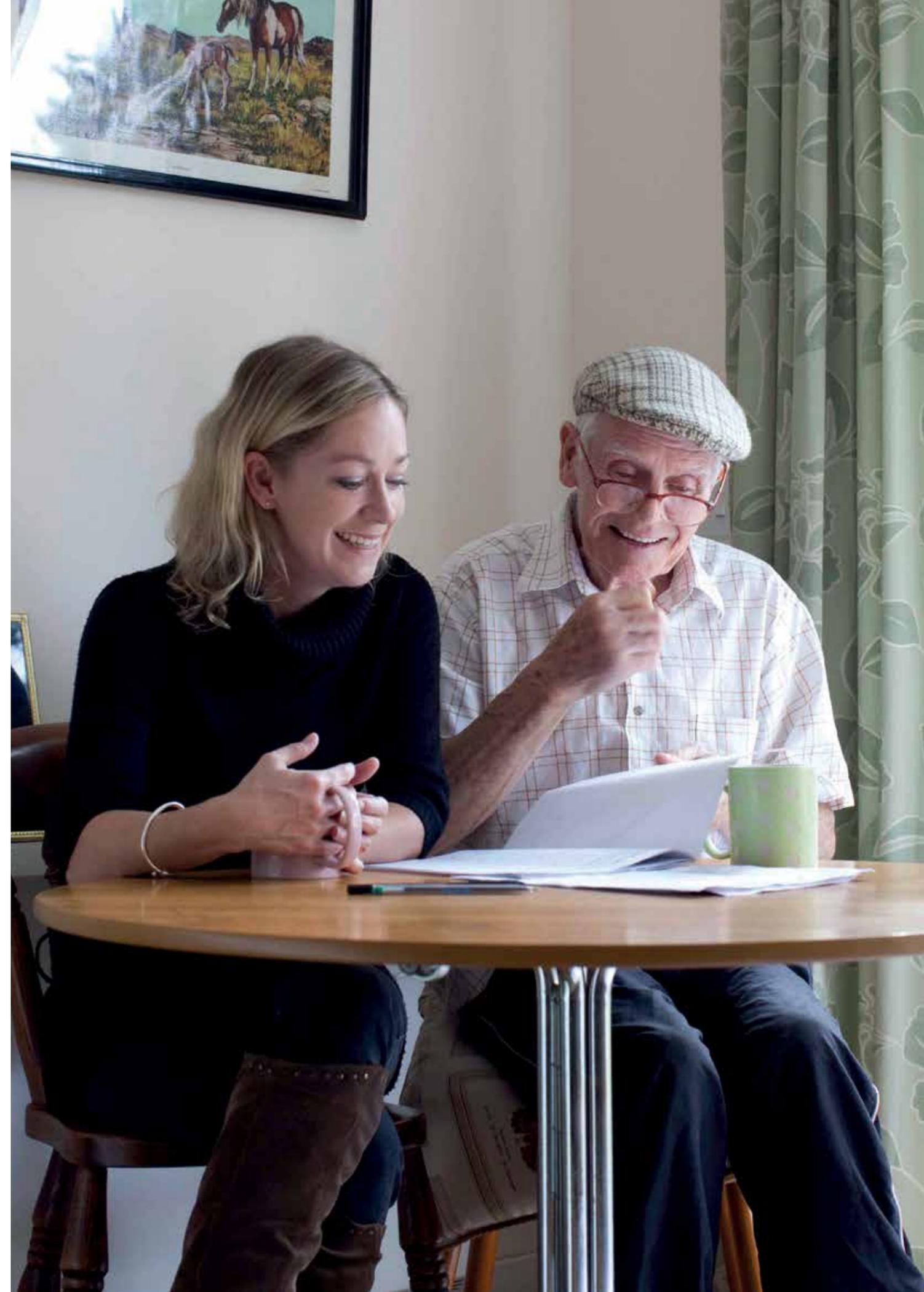
We want everyone in later life to:

- Have enough money
- Enjoy life and feel well
- Receive high-quality health and care
- Be comfortable, safe and secure at home
- Feel valued and able to participate

Our charitable activities

- We provide information and advice
- We deliver and transform health and care services
- We deliver and transform wellbeing services
- We support the Age UK network
- We campaign and research
- We work internationally¹

¹ Through our subsidiary charity, Age International.





Message from our Chairman

Age UK has continued to help millions of older people in the UK and around the world, making this a year of considerable achievement.

One of the most important ways we help is through the impartial and expert information and advice we provide to millions each year. Age UK Advice, our telephone advice line, helped with nearly 250,000 enquiries and people visited our information and advice web pages 4.9 million times. Together with our national and local partners, we helped older people find out about £218 million in benefits which they were entitled to.

We continue to experience great success in channelling public support for our aim of preventing and tackling loneliness, which our research shows affects 1.2 million older people each year. Our 2016 'No one should have no one at Christmas' campaign for the first time asked the public to sign-up as volunteers for Call in Time, our national telephone friendship service. We received a tremendous response and I am delighted that over 2,600 people expressed an interest in volunteering.

We were pleased we successfully challenged the Government's proposal to transfer the funding of Attendance Allowance to local councils. We had good reason to believe that this proposal posed a threat to the future of this essential benefit for older disabled people. Following a consultation, the Government listened to us and 14,000 of our brilliant campaigners and decided not to press ahead with their plans.

Our 2016/17 *Health and Care of Older People in England* report made the headlines. It highlighted that continued pressures on local authority budgets mean that 1.2 million older people in England now have some unmet need for social care. We pressed the Government to provide extra funding for social care in the 2017 Spring Budget and were pleased when they did. But worryingly the £2 billion announced will do little more than prevent further decline. A sustainable funding solution for social care is desperately needed.

We believe it is essential that our network of national and local partners continues to have a strong and active presence across the UK. The work they do, which we support financially and in a whole host of other ways, is at the very heart of Age UK. That work provides essential

support to older people in their communities. However, the network's future is undoubtedly at risk as public sector cuts continue to hit our local partners hard and as replacement income streams prove difficult to find. We continue to work closely with our local and national partners to seek to ensure their sustainability.

Age International, our international charity, has once again during the year been called on to respond to a tragic humanitarian emergency in drought-hit East Africa, the focus of a DEC appeal, and work is underway to bring relief. Also during the year I was fortunate to be able to visit Kenya and Tanzania to see some of Age International's programmes, such as supporting access to free, age-friendly health services and advocacy for the introduction of a non-contributory pension for all older people. In Zanzibar, a semi-autonomous part of Tanzania, I saw for myself the transformational difference that the introduction of the state-funded pension is making to the lives of older people. We hope neighbouring countries will want to follow their example and will be pressing them to do so.

The Board and I, as well as the Executive team and colleagues across the charity and Age UK Trading CIC, have devoted considerable attention this year to our response to the recommendations made by the Charity Commission in its report on Age UK's trading activities. We welcomed the Report and the important questions it raised, and have found our on-going engagement with the Commission appropriately challenging and also extremely constructive.

Last year, I explained that we had started a big programme of work to implement the Commission's recommendations. A year later, this is bearing fruit. For example, we have undertaken a comprehensive governance review with the support of external experts and have made many improvements as a result. You can read more detail about our extensive governance changes on page 31.

The Commission asked us to make sure our trading company's marketing materials were as clear as they could possibly be about the company's relationship with the charity; specifically that the company trades for profit and then gifts the net sums made to the charity to support our charitable work. There can be no ambiguity or suggestion that the trading company is subsidised by any kind of 'charity pricing'.

This has spurred us on to accelerate work that was already underway to re-brand our trading activity, and we will shortly introduce a new brand, name and design for our trading activity covering our financial services and independent living products. These changes are designed to make it easier for potential customers to understand the relationship between the trading company's activities and those of the charity, and how their money supports our charitable work.

As part of the work associated with the Charity Commission's report we have developed and adopted a set of Trading Principles to guide the Community Interest Company's activity (see page 11). These Trading Principles support the work of the Product Review Committee which we have established this year. The committee conducts rolling reviews of our products and services and appraises any new trading opportunities from a charity as well as a CIC perspective. A refreshed Customer Committee is also now in place to focus attention on the impact of our trading activity on older people who interact with it.

I would like to thank Tom Wright, Age UK's Chief Executive who left us in September 2017, for his sterling service since 2009. Working with the Board, he has led the transformation of our organisation and in doing so has helped improve the lives of older people around the world. We are very grateful for his dedication and passion for our cause and will miss him dearly.

As this will be my final full year with Age UK, it is also my last Chairman's statement. After eight and a half years, I can truly say that it has been a most instructive and rewarding journey. It has been an immense privilege to work with so many talented teams in London, across the UK and beyond. I would like to thank the staff and volunteers at Age UK, as well as our local, national and international partners. Their continued efforts make such a big difference to the lives of millions of older people. As I hand over a powerful, forward-thinking, totally committed Board to my successor, I know Age UK can only go from strength to strength.

Dianne Jeffrey CBE DL
Age UK Chairman



Message from our Chief Executive

It has been a pleasure to lead Age UK's transformation over the last nine years. I've really enjoyed steering Age UK from a new organisation that was focused on the continuation of the activities of its predecessors, to one that is known by 86 per cent of UK adults and is strong, resilient, and plotting its own course into the future.

Although our income and charitable spend have both fallen to around £73 million, mainly due to decisions we took in 2015/16 to refocus our trading activity, I am proud that we have sustained both our social impact and our progress towards our vision of helping older people to 'love later life'. We have done so in three main ways.

Firstly, we improved the services we deliver at a national level. We increased the capacity and quality of the Age UK Advice line, launched an online virtual assistant to make it easier and quicker for older people to get the information and advice they need, and improved our benefits calculator which was used by nearly 100,000 people.

Secondly, we worked with and helped support the Age UK network. It is critical that the essential services provided by our partners up-and-down the country are sustainable, despite the continued financial pressures they are facing. Our focus continues to be two-track: ensuring sustainability – with £19.8 million in direct financial support this year and help to generate income – and supporting improvements to the quality and effectiveness of their organisations and services.

Thirdly, we tested innovative and transformational services. Our expanded Person-Centred Integrated Care Programme has continued to generate insight and evidence that helps us both to improve our model, and to influence health and care providers to adopt it in full or to adapt it for similar approaches. Likewise, our small-scale pathfinders are discovering what works across a range of settings and aspects of later life; from hospital and end of life care, to tackling loneliness and improving mental health.

All this work is driven by and is driving our campaigning and research. For example, the Age UK *Index of Wellbeing in Later Life* generated

significant insights into the factors that affect our wellbeing as we age, in the process offering us at Age UK some important pointers about where we can have the greatest social impact. We used its insights to shape our call to the next Government in our election manifesto. Further analysis of the findings, which we are carrying out now, will shape our future work.

Internationally, we worked with the UK Department of International Development (DFID) to ensure that governments around the world are using data to get a better understanding of older people in their countries. This is especially important because older people are included in the majority of the UN's Sustainable Development Goals (SDGs): without good data, achieving these SDGs will be far more difficult.

As I noted earlier, Age UK has continued to move forward despite a significant reduction in our net income to £73.1 million and charitable expenditure to £73.2 million.

The income reduction was mainly due to the planned sale of Aid-Call, our personal alarm service, and the closure of Age UK Training. Because we were aware of the financial pressures these decisions would in all likelihood create, we took care to manage them effectively and in this we have been successful.

We have worked hard to protect our charitable expenditure by reducing our costs. We are also planning for our future. For example, we are using some of the proceeds from the sale of Aid-Call to invest in our retail shops and increase our income generation capability.

Fundraising continued to perform well overall. There was a particularly strong result from legacies but we experienced a drop in donations, for several reasons including lower than projected income from DEC emergency appeals.

No doubt there will be further challenges to come, but above all I think that this year has demonstrated Age UK's resilience and ability to deliver strategically important programmes that should ultimately enable us to deliver greater social impact for older people.

I am very proud of the progress we have made this year, and every year since I joined Age UK in 2009. I want to offer a special thank you

to Dianne Jeffrey, who has been a source of strength and inspiration to me and to many others, over the years. I would also like to thank the wider Board, my executive team colleagues and Age UK's staff, volunteers and supporters for their friendship and tireless commitment to older people everywhere.

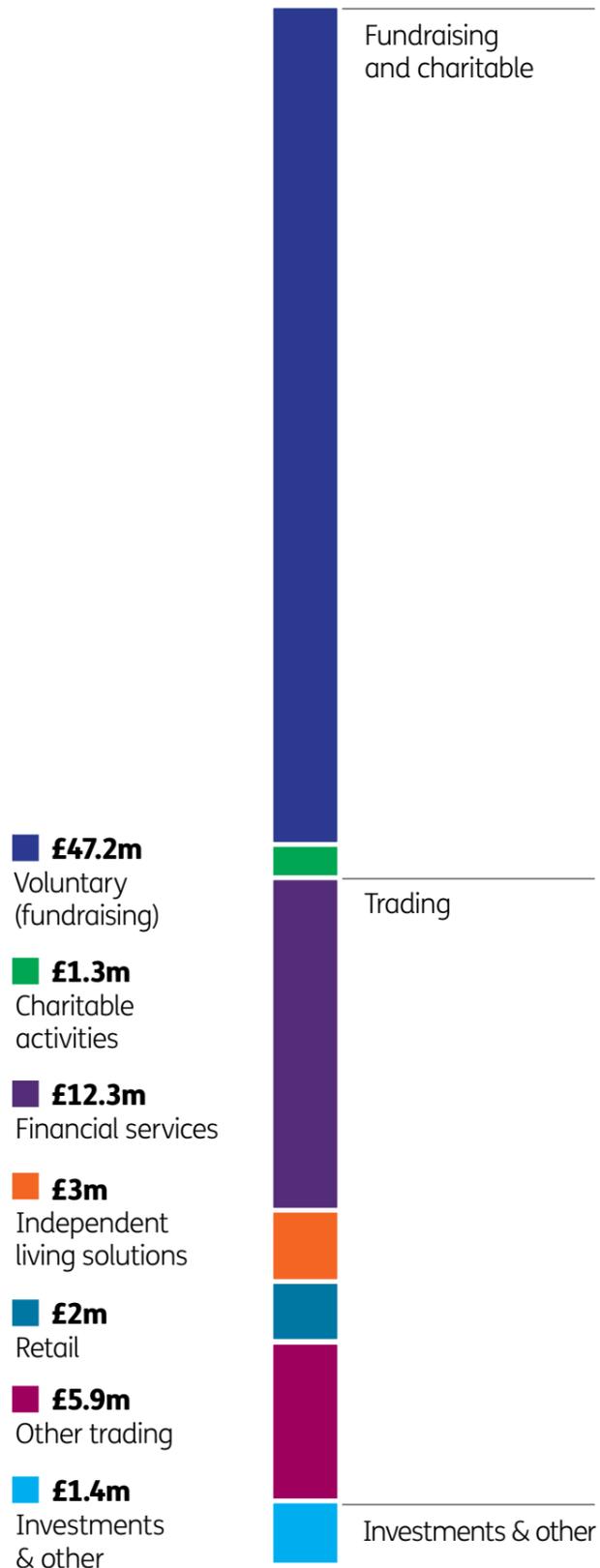
I want to thank the Age UK network too. Visiting local Age UKs and seeing the excellent work they do every day has been a constant delight and one that always brings home the enormous contribution the Age UK network makes to older people's lives.

Thank you all.

Tom Wright CBE
Group Chief Executive

How we raised our money

Our net incoming resources were £73.1 million



Income from fundraising and charitable activity

Fundraising through donations, legacies, gifts, partnerships and other voluntary contributions makes up our largest source of net income at 64.5 per cent. We also raise money by delivering charitable activities, including our Experts by Experience contract with the Care Quality Commission.

How we fundraise

Older people and their views are at the very heart of our fundraising. We have established principles to ensure that we do not engage in practices that are inconsistent with Age UK's values (see page 4). The Age UK Fundraising Charter sets out these principles and reassures people about what we will and will not do when fundraising.

Our Fundraising Charter

- We do not undertake any fundraising door-to-door activity and we do not ask for direct debit donations on the street.
- We do not share personal data beyond the Age UK network.
- We do not sell personal data.
- We do not 'cold-call' people for fundraising purposes.
- Every communication from us to members of the public will always include information on how to opt out from future communications.
- We always stop direct debits received from donors if a third party (e.g. family and friends) advise us that the donor is vulnerable in some way, as long as we are satisfied that such a third party is entitled to act on the donor's behalf.

You can read our full Fundraising Charter at www.ageuk.org.uk/fundraisingcharter

We are a member of the Institute of Fundraising, we are registered with the Fundraising Regulator and we have established our own Fundraising Sounding Board to seek input from older people on our fundraising communications practices. We continue to work with others to improve practice across the charity sector.

For every £1 donated, we use 11 pence to raise funds for today and tomorrow and 89 pence is available to help older people (page 22 shows what we do and do not include in this calculation).

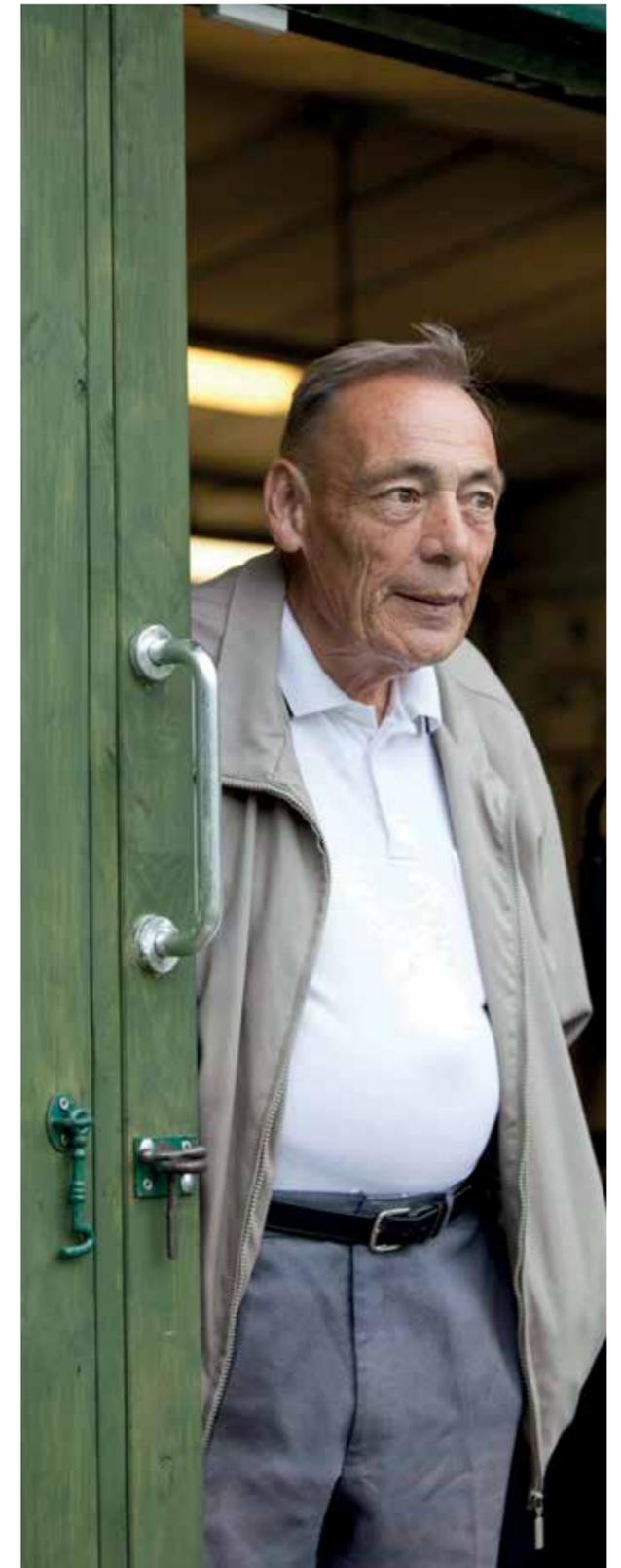
Income from our trading activities

Age UK Trading CIC, a social enterprise, raises money for Age UK's charitable work by operating over 400 charity shops, providing financial services that meet the needs of older people, and by offering independent living products, like stair lifts. Age UK Trading CIC is committed to acting in ways that are consistent with Age UK's charitable purpose.

Our Trading Principles

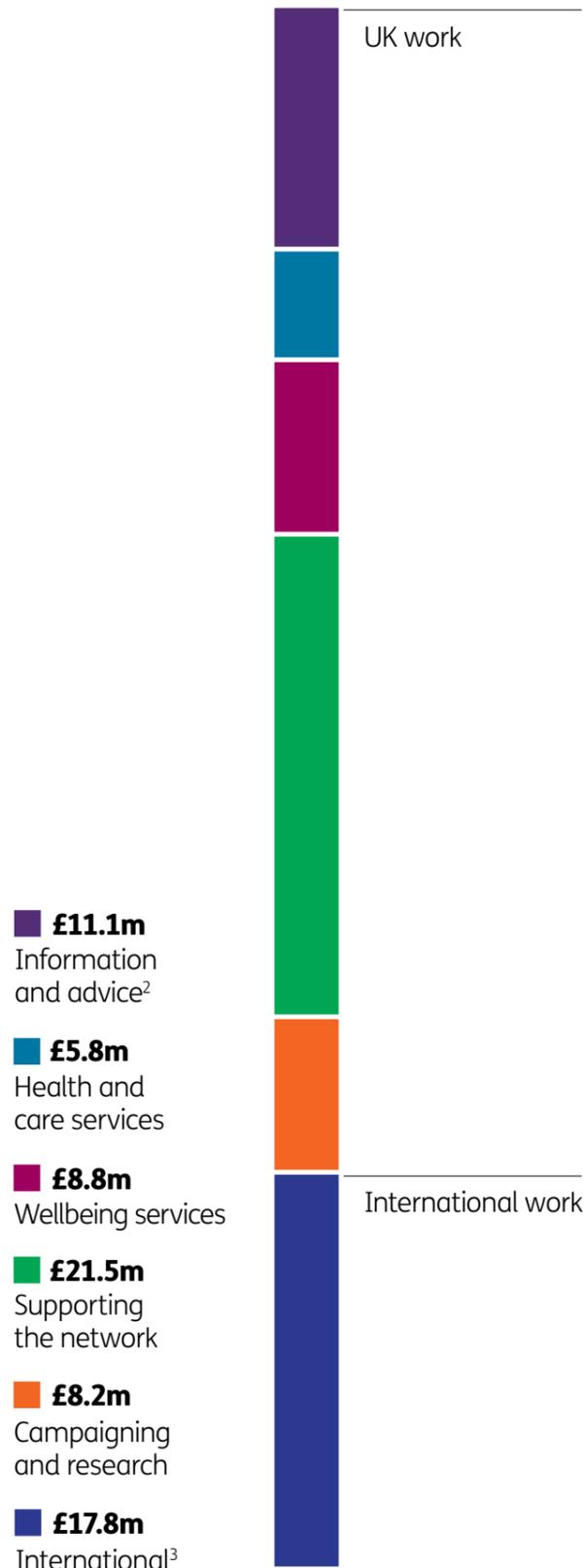
This year we have adopted three trading principles which guide all decisions made by the CIC.

- We offer products and services which are good for older people.
- Our prices are fair and appropriate, offering good value for money.
- The profit returned to the charity is reasonable and acceptable.



How we spent our money

We spent £73.2 million on our charitable work



Our 2016/17 highlights

We provide information and advice

We help millions of people to know their rights and make the best choices for their later life.

7.5m

Together with the Age UK network we reached 7.5 million people with information and advice.

We deliver and transform health and care services

We put people in control of the care they receive whilst sharing best practice to improve services.

2,500+

Over 2,500 older people will benefit from our new Person-Centred Integrated Care Programme sites.

We deliver and transform wellbeing services

We tackle loneliness, get older people active and support people to stay independent for longer.

20,000+

We supported over 20,000 older people with our winter warmth programmes.

²Information and advice has seen the most significant reduction in charitable expenditure because the charitable expenditure attributed to Age UK Training (which closed in 2016) was allocated to this amount in 2015/16.

³International is made up of Age International's expenditure (£16.6 million, as reported in Age International's annual accounts) plus £1.7 million spent directly by Age UK.

We support the Age UK network

We help the network to offer vital community support by providing unrestricted income, helping it raise money, and working together to improve quality.

£6.9m

Local Age UKs in England received £6.9 million in grants.

We campaign and research

We run campaigns to get public support and influence government and other decision-makers to help make later life better for older people today and tomorrow.

14,000+

Over 14,000 campaigners joined our successful Attendance Allowance campaign.

We work internationally

We ensure that women and men everywhere can lead dignified, healthy and secure lives as they grow older.

900,000+

We provided services to over 900,000 older people and their families in over 30 low and middle income countries.



We provide information and advice

We spent £11.1 million

How we spend our money

We provide information and advice that covers every facet of later life, from benefits to care options. We do this on the phone through Age UK Advice, online through the Age UK website, and through guides available in our shops, GP surgeries and other community settings. Local Age UKs provide face-to-face information and advice, for which we provide restricted funding in some cases.

Delivering the Age UK Advice line

This year, our national telephone advice line, Age UK Advice, responded to 242,412 enquiries. We have invested in Age UK Advice by recruiting more staff to respond to increased demand and reducing the amount of time it takes to answer calls. On average, callers now wait an average of 50 seconds, compared to 114 seconds at the start of 2016/17.

Delivering information and advice online

In 2016/17, we provided information and advice through www.ageuk.org.uk to more people than ever before. Our visitors looked at 4.9 million pages this year, up 500,000 from 2015/16. We spent much of the year developing and testing a new virtual assistant, which we launched in April 2017. It enables our visitors to ask questions and get answers in an intuitive way. The early response has been positive.

We improved our online benefits calculator to make it easier to use and find. This year nearly 100,000 people used it to calculate the benefits they might be entitled to.

Providing and supporting benefits advice

Age UK, together with our national and local partners, helps older people find out about the benefits they are entitled to. Supported by Age UK funding, the Age UK network identified £218 million in unclaimed benefits this year, 21 per cent above our target.

Supporting local Age UKs

Age UK supports local Age UKs to deliver information and advice by providing training, funding, guidance and support. This year we provided £2.1 million in restricted funding for information and advice, delivered by 116 local Age UKs and local Age Cymru partners. Some of this was for our Ambitions for Later Life programme, funded by Santander. It provides one-on-one support for older people who are coping with a significant life change, such as a bereavement. This year, the programme helped 1,837 older people.

We provided tailored support to 114 local Age UKs to help improve the quality of their information and advice and to work towards meeting the standards of the Age UK Information and Advice Quality Programme. The standards ensure that older people can get consistent, relevant and effective advice from a well-run, impartial service. It is a condition of our new Brand Partner Agreement with local Age UKs that they must meet the standards by 2021.

7.5m

The Age UK network reached 7.5 million people with information and advice.

£218m

The Age UK network identified £218 million in unclaimed benefits.

We deliver and transform health and care services

We spent £5.8 million

How we spend our money

We work with local Age UKs, NHS Trusts, Clinical Commissioning Groups, local authorities and voluntary organisations to test innovative new services. We focus on the seamless integration between health and care in a person-centred way. We fund some local Age UKs through restricted grants. We also deliver Experts by Experience for the Care Quality Commission, helping to bring the insights of people who use services to inspections.

Expanding Person-Centred Integrated Care

We designed our *Person-Centred Integrated Care programme* to support older people with multiple long-term conditions to live healthier, happier lives. We are continuing to expand the programme to generate evidence of the benefits of an integrated approach to health and social care. The more evidence of the model working in practice, the better able we are to influence our stakeholders.

This year, we entered the third phase of the programme and spread the model across the country. We set up five new sites, which will reach over 2,500 older people. This will build on the learning from the phase two sites, all of which have been recommissioned by local health commissioners – an indicator of the programme's success.

Evaluating Person-Centred Integrated Care

Our phase two sites have seen the average wellbeing score of participants increase. Average wellbeing scores have increased significantly from the point of the initial conversation, to two months after benefiting from the programme.

We know that the programme makes a difference to peoples' lives. We are working hard to collect the data we need to assess and understand the impact of the programme properly.

Testing new pilots

This year we have developed small pathfinder pilots to test new person-centred services to find out what works in practice. In December 2016, we started to deliver a person-centred hospital discharge service in Cornwall which is supporting older people following a hospital stay, with the aim of reducing the likelihood of re-admittance to hospital. We also developed similar pilots focusing on end of life care and one aimed at older people with mild to moderate depression.

Using new technology

In 2016/17, we piloted an iPad app called STEPs to help local Age UK front-line staff with their conversations with Person-Centred Integrated Care programme participants. The app is focused on creating personal 'actions' for each older person, such as taking their dog for a walk. We piloted the tool with five local Age UKs and 78 per cent of participating older people found their action plan valuable.

1,071

Age UK Experts by Experience took part in 1,071 inspections across the CQC's Central region.

76%

Three quarters of participants in our Person-Centred Integrated Care Programme have seen their wellbeing improve.

We deliver and transform wellbeing services

We spent £8.8 million

How we spend our money

Much of our wellbeing work involves supporting local Age UKs to deliver community services such as fitness classes, befriending, and helping older people get online. We fund some local Age UK services through restricted grants. Age UK runs Call in Time, our national telephone friendship service and our Gifted Housing Scheme.

Delivering winter warmth programmes

This year, thanks to £3.1 million funding from British Gas Energy Trust, E.ON, First Utility and npower, Age UK has worked in partnership with over 100 local Age UKs to deliver winter warmth programmes. In total, Age UK's winter warmth programmes supported more than 21,709 older people. We offered comprehensive advice on things like switching energy supplier, applying for replacement boilers, and managing fuel debt. Local Age UK Handy People installed free energy efficiency equipment in 4,278 older peoples' homes and local Age UKs provided free benefits checks to maximise 14,160 older peoples' income.

Expanding our Call in Time service

Our national telephone friendship service, *Call in Time*, helps tackle loneliness by matching lonely older people with a volunteer for weekly friendship calls. This year we supported 2,175 older people, up 38 per cent on 2015/16. For many years the service has been supported by volunteers from over 20 employers (who also provide funding). This year, as part of our 'No one should have no one at Christmas' campaign, we asked the public to sign-up as volunteers (see page 18). By the end of March 2017, 2,663 people had signed up to volunteer with Call in Time.

Testing services to tackle loneliness

Since 2015, our Testing promising approaches to loneliness programme has been discovering the best ways for local Age UKs to reach lonely older people. Over 1,000 older people have participated so far. Of those who told us they were lonely when they joined the programme, 88 per cent said that they were less lonely following support from their local Age UK.

Delivering and promoting active ageing services

This year we've run three programmes to test different ways of getting older people active: Get going together (supported by GSK: £1.8 million); Get set for community action (supported by the Big Lottery: £75,000) and; Inspire and include (supported by Sport England: £700,000). The programmes, which were delivered by 31 local Age UKs and Age Cymrus reached 2,105 older people in 2016/17.

Twenty two local Age UK and Age Cymrus worked to deliver projects embodying the Olympic and Paralympic values to improve the lives of older people and the wider community. In total, it reached 1,169 older people (585 per cent of target), supported by 357 young volunteers (179 per cent of target).

Developing digital inclusion services

We worked with Age UK Leicestershire and Age UK Oxfordshire to sign up 182 digital champions (121 per cent of target) who supported 1,274 older people to learn new digital skills (182 per cent of target).

£39.8m

Our winter warmth programmes identified more than £39.8 million in energy bill savings and unclaimed benefits.⁴

2,105

We reached over 2,000 people through our active ageing programmes.

⁴ £39.5 million of this is included in our overall unclaimed benefit total detailed on page 14.

We support the Age UK network

We spent £21.5 million

The Age UK network includes Age UK; together with our national, and local partners. Our partnership delivers over 2,000 services to millions of older people each year; from day care to fitness classes. Our partners do this with a collective total income that far exceeds Age UK's at around £200 million.⁵ They are best placed to understand and respond to the needs of older people, and give a voice to older people, by advocating and campaigning on local issues.

How we spend our money

We help the Age UK network to raise money and improve the effectiveness and quality of their organisations and the services they provide. Other support includes help with mergers and collaborations, governance, marketing, fundraising, digital and human resources. We also give unrestricted funding to our partners to support their organisations and meet local needs. Our work to support our partners with campaigning, service delivery and development is covered in pages 14,15,16 and 18. This section looks at the additional support we offer to our partners.

In 2016/17, local Age UKs in England received £19.8 million from Age UK, £11.3 million of which was earned by them through the sale of Age UK Trading CIC's products and services. Our national partners received £1.6 million. These totals include grant funding for service delivery and development.

Helping to sustain the Age UK network

We've worked to ensure that the Age UK network remains sustainable in a difficult funding environment, supporting our partners to increase income and reduce costs. We've also focused on ensuring all our partners are effective and delivering high quality services.

Supporting income generation

Increasingly, our work to help local Age UKs to generate income and diversify their income sources is through help with tenders, often involving multiple organisations. For example, in Kent we have been working with 14 local Age UKs to help them prepare a tender worth over £4 million that will transform older peoples' wellbeing services in the county.

Improving quality and effectiveness

During 2016/17, we have prioritised supporting our partners' governance, particularly financial management. We've introduced new communication channels to share best practice and guidance with local Age UK trustees; delivered financial governance training; and introduced an annual financial management conference.

In June 2016, we launched a programme to support Age UKs whose services are registered with the Care Quality Commission (CQC). It supports our local partners to meet the CQC's regulations and to ensure that services are delivered to a high standard.

£19.8m

Local Age UKs in England received £19.8 million in funding from Age UK.

1.5 million

1.5 million people visited the websites of our local partners.

⁵ Based on 2015/16 figures.

We campaign and research

We spent £8.2 million

How we spend our money

We use evidence from policy, research, practice and the experiences of older people to understand the challenges of later life and develop ways to help older people to overcome them. We then influence government and other decision-makers to help make later life better for older people today and tomorrow.

Speaking out about loneliness

In November 2016, we launched our second 'No one should have no one at Christmas' campaign. It encouraged people to volunteer with Age UK, and we saw a significant increase in volunteer enquiries. From November 2016 until March 2017, we processed over 36,000 volunteer enquiries (a 200 per cent increase on the previous year).

Age UK is a member of the Jo Cox Commission on Loneliness which is raising public awareness of this issue. Age UK led the spotlight month on older people, which secured national media coverage and we held a Parliamentary event attended by 59 MPs, who pledged to fight loneliness.

Campaigning on social care

We have kept the crisis in social care high up on the political agenda. In February, our annual report into the *Health and Care of Older People in England* reported that 1.2 million older people are now living with an unmet need for care – a fact which has been widely quoted in Parliamentary and public debates.

We welcomed the additional £2 million for social care announced in the Spring Budget, while pointing out that this would do little more than allow the system to keep pace with demographic and cost pressures. A much more ambitious programme of reform and investment is required. We look forward to working with the Government on their proposed Green Paper.

Improving incomes

This year, Age UK successfully campaigned against the Government's proposal to transfer the funding of Attendance Allowance to local councils. Age UK and more than 14,000 of our campaigners, asked the Government to change their mind about the proposal, which threatened the future of this essential benefit and would, in effect, have been a substantial stealth cut. We were delighted when the Government announced that they were not going to go ahead with the change.

Researching wellbeing

Together with Professor Ashgar Zaidi of the University of Southampton, we developed a new *Index of Wellbeing in Later Life* as a single measure of the wellbeing of older people.

The most striking finding was the importance of maintaining meaningful engagement with the world around you in later life. We are now looking into what lessons can be learnt from older people who are able to sustain their wellbeing, even in adverse circumstances.

Staying sharp in later life

Age UK is raising awareness about the changes we can make to aspects of our lives to 'stay sharp' as we age. This year we have developed *Staying Sharp* a new online resource which brings together the latest research and advice from experts in this field. This includes findings from the *Disconnected Mind* project, a world leading research project funded by Age UK at the University of Edinburgh.

50+

We responded to over 50 Government consultations and Parliamentary reviews affecting older people.

4.5m

'No one should have no one at Christmas' reached 4.5 million people across our social media channels.

We work internationally

We spent £17.8 million

Age International, Age UK's international charity, delivers our work in some of the poorest countries around the world. It is the UK member of the HelpAge global network, through which it delivers most of its work overseas. Age International is also a member of the DEC (Disasters Emergency Committee).⁶

How we spend our money

We deliver long-term development programmes and emergency relief in over 30 developing countries, as well as influencing and advocating on behalf of older people to challenge age discrimination and help them claim their rights.

Reducing poverty

We ensured that 60,000 older people in eight countries benefited from community-based income and food security projects. This includes our Big Lottery funded micro-credit programme in Pakistan, which has helped 5,000 older people set up small businesses. We also helped ensure that pensions were introduced or improved in eight countries.

Improving health

We helped ensure that essential health and care services were provided to 517,000 older people and their families in 21 low and middle-income countries. Thanks to funding from the Department for International Development (DFID), our Better Health programme improved access to health, HIV and care services for over 360,000 poor older people in four African countries.

Responding to emergencies

Age International helped 276,000 people to recover from humanitarian emergencies in 13 countries. We engaged 36,000 older people in 11 countries with disaster risk reduction projects. Humanitarian crises in Yemen and East Africa left millions on the brink of starvation. Following our own emergency appeal, and funding from the DEC, Age International was able to provide cash grants for food, plus provide livestock, seeds and water to help older people and their families to recover.

Protecting and promoting rights

Working as part of the HelpAge global network, and with DFID, Age International worked to ensure that other governments recognise the importance of aggregating data by age, as part of its work on the UN's new Sustainable Development Goals (SDGs). Age International continued to build support in the UK and internationally for a UN convention on the rights of older people: the UK Government has engaged constructively in those debates. Age International also engaged with the UN's Commission on the Status of Women about the economic role older people play in families, communities and society.

1.9m

We achieved an increase in coverage of social pension schemes for 1.9 million older people in eight low and middle income countries.

5.6m

We supported 5.6 million older people to access health services in four countries.

⁶ You can read more about Age International's work in their 2016/17 Annual Report, available at www.ageinternational.org.uk

Our people

The heart of our organisation

What we do

Age UK's people are at the heart of our work to help older people love later life. We are a diverse and inclusive organisation with thousands of passionate and committed staff and volunteers. We want Age UK to be a great place to work and volunteer.

Our values

Age UK's values (see page 4) shape our culture and guide how we work together, with our partners, and how we treat our beneficiaries and customers.

Being inclusive and valuing equality

We recognise that every person has different needs, preferences and abilities, and we strive to reflect this in everything we do – including making our services and products inclusive and accessible to older people in all sections of the community.

We are committed to helping every employee fulfil their potential, maximise their contribution and feel able to be themselves. Age UK Trustees and Directors are responsible for promoting equality, valuing diversity and leading an inclusive culture. This year we were delighted to be placed in the Inclusive Top 50 Employers List.

Being a great place to work and volunteer

Age UK wants every member of staff and volunteer to be able to fulfil their potential, maximise their contribution and feel comfortable being themselves.

Age UK's thousands of volunteers make much of our work possible. We aim to provide our volunteers with a safe and brilliant experience, while also recognising and celebrating their contribution.

We are supported by over 1,500 staff.⁷ 230 of our staff work for the Charity and 1,318 work for Age UK Trading CIC, including at least one paid member of staff in each of our 400+ shops. We are supported by around 7,500 volunteers, most of whom volunteer in our charity shops – we greatly value their energy, time and commitment.

Valuing our people

Recruiting, retaining and motivating employees are critical to Age UK's sustainability and success. Age UK's remuneration policy recognises the differences between its charitable and trading activity and we compare the salaries we offer against charitable and commercial sectors as appropriate.

We have an annual review process which is overseen by our Remuneration Committee (see page 32). Pay awards are overseen and paid in accordance with the framework set by the Remuneration Committee within the budget agreed by the Board for the overall increase in our salary costs.

The salaries of our key management personnel, Age UK's Executive Directors, reflect the market in which individual Directors operate and are set using benchmarking data, as we do with other colleagues. Salaries are apportioned to reflect the amount of time the relevant Director spends on supporting charitable or trading activities. The Remuneration Committee considers the outcomes of each Director's performance review (see page 32).

57,000+

We are supported by around 7,500 volunteers and over 50,000 campaigners.

⁷ Full time equivalent



Financial summary

Our net income reduced this year to £73.1 million (2016: £86.4 million), mainly due to decisions we took in 2015/16 that affected the income from Age UK Trading CIC, including exiting from the energy market and selling Aid-Call, our personal alarms service. Our charitable expenditure this year was £73.2 million (2016: £80.8 million).

Income

Voluntary income

Overall, fundraising delivered net income of £47.2 million (2016: £47.7 million), a small decrease on the previous year. Fundraising continues to be our largest source of net income at 64.5 per cent of the total.

Net income from donations and gifts fell to £10.3 million (2016: £15.2 million) due in part to a reduction in donations because of our pause in marketing activity in late 2015 when the sector's fundraising practices were being scrutinised. Age UK itself was not criticised as our conservative fundraising practices, as set out in our Fundraising Charter (see page 10), means that we did not employ the tactics under scrutiny. Additionally, Age International's income from emergency appeals (as a member of the DEC) was lower. Income from grants at £9.9 million (2016: £7.7 million) and legacies at £27 million (£24.8 million) increased to partly offset the decline in donations.

Income from charitable activities

We generate a smaller amount of income from our charitable activities, which this year stood at £1.3 million (2016: £6.2 million), 1.8 per cent of our total net income. We decided in 2015/16 to close our training business, which previously contributed most of this income. The remainder of the contribution is from our Gifted Housing Service and our contract with the Care Quality Commission to (CQC) to provide Experts by Experience for their inspections.

How we calculate our fundraising efficiency

We know that it is important to all of our generous donors that we make sure that every penny donated to us counts (see page 11). This year we spent 11 pence to raise every £1 of donations, meaning that 89 pence was available for our charitable work. To calculate this we:

- Do include all voluntary income, which means the income we raise through donations, gifts left in wills, the sponsorship our supporters are pledged when they take part in events, and grants from other organisations.
- Do not include the income we receive through trading – for example, from our shops and sales of our financial services and Independent Living Solutions – or from charitable activities.

£53.1 million (income raised) – £5.9 million (costs) = £47.2 million (89 per cent of the money raised).

Income from trading activities

Our decisions to exit from the energy market and sell Aid-Call, our personal alarms service, in 2015/16 had a significant but largely expected effect on the income from our trading subsidiaries. Age UK Trading CIC delivered £23.2 million (2016: £31.1 million), 31.7 per cent of our total net income.

The financial services activity of Age UK Trading CIC has continued to face tough trading conditions across a number of products and services, leading to a net income of £12.3 million (2016: £15.5 million). Although we have faced highly competitive markets, we have managed our performance well, introducing new products and terms to meet changing customer needs where necessary.

Age UK Trading CIC runs over 400 charity shops in England and Wales. This year we began a three year shop investment programme which will see the refurbishment of hundreds of our shops, the opening of new shops, and the closure of the lowest-performing ones. Net income from our shops, which takes account of investment in-year, was £2.0 million (2016: £5.5 million). The investment will be covered by the proceeds from the sale of Aid-Call.

Profits from our independent living solutions contributed £3.0 million (2016: £4.5 million). This decline is mainly due to the sale of Aid-Call, our personal alarm service, to AXA PPP healthcare in November 2016. The net gain from the sale was £13.8 million, which we will use to invest in future income generation (including our shop investment programme). Age UK Trading CIC has an on-going arrangement to market the service on behalf of AXA PPP healthcare.

Expenditure

Our charitable expenditure this year was £73.2 million (2016: £80.8 million). This decrease was due to a number of factors other than the income challenges set out above.

Age UK Training, which we decided to close in 2015/16, contributed to our charitable expenditure. Last year, 100 per cent of this amount was allocated to 'We provide information and advice' – given this, that area of activity has seen the most significant reduction in charitable spend.

We also saw the conclusion of a number of UK funded programmes, including Fit for the future (final contribution of £0.3 million). Our focus on delivering programmes of strategic importance to Age UK has also led us to pursue fewer restricted funding programmes this year. This is with the exception of our international work, where funding from the UN (£2.6 million) and other institutions has meant that we have spent more on 'We work internationally' than in the previous year at £17.8 million (2015: £16.8 million). Finally, we have reduced the central costs involved in delivering our charitable activity to £9.3 million (2016: £10.9 million).

Costs in our CIC have increased, mainly due to costs associated with Financial Services, and in relation to our shop investment programme. The consolidation of our trading activity under Age UK Trading CIC has enabled us to significantly reduce the number of senior staff dedicated to trading activities (see page 55).

Public benefits reporting and future plans

In setting plans and priorities for areas of work, the Trustees of Age UK have had regard to the guidance from the Charity Commission on the provision of public benefit and Age UK meets the definition of a public benefit entity under FRS 102.

In particular, the Trustees consider how planned activities contribute to meeting its objectives and how Age UK delivers its principal charitable activities – as set out in the Memorandum and Articles of Association (see page 31).

Strategic report

This includes: providing information and advice; delivering and transforming health and care services; supporting the Age UK network; campaigning and research; and working internationally and is demonstrated in the progress update sections on pages 14–19.

Our plans

Some of the key activities we are planning for 2017/18 include:

Information and advice

- Increase the number of people who visit our website to get information and advice.
- Test new digital technology, including a central knowledge base to drive all of our information and advice.
- Increase the information about local partners' services on our website.

Health and care services

- Continue to expand our Person-Centred Integrated Care Programme to generate evidence of the benefits of an integrated approach to health and social care, and influence system change.
- Continue to use new technology to provide high quality, personalised service with the roll out of our STEPs iPad application.
- Test a range of innovative person-centred services across health and care.

Wellbeing services

- Support over 8,000 older veterans and their families as part of our new, three-year Joining Forces programme, thanks to £4.5 million of funding from the Ministry of Defence.
- Expand our digital champions model to reach over 2,000 older people, thanks to £4 million funding from the Big Lottery.
- Continue to test promising approaches to tackling loneliness to improve the Age UK network's ability to reach and support the loneliest and most isolated older people.

Supporting the Age UK network

- Work with local Age UKs to secure more income and help them to improve their organisational effectiveness, with a particular focus on supporting them to be adept at managing their finances and able to identify challenges and risks early on.
- Launch the second cycle of the Age UK Organisational Quality Standards (three year cycle until 2020).
- Use new technology to improve local Age UK websites and fundraising potential.

Campaigning and research

- Engage with future parliamentarians as part of our General Election campaign and develop a positive relationship with the new Government and Parliament.
- Campaign for policies which tackle the current social care crisis by working to influence the social care Green Paper.
- Support older people to be actively involved in their communities by delivering a campaign that highlights the importance of local infrastructure.

International

- Provide life-saving aid to older survivors of sudden onset emergencies, and continue to support older people affected by conflict and famine in Yemen and East Africa.
- Finalise the DFID-funded Better Health programme in four African countries and the BLF-funded micro-credit programme in Pakistan; and seek funding from a range of institutional donors to expand our work to improve livelihoods, health and healthcare.
- Work with the UK Government and members of civil society to engage them and other governments to press for a UN Convention on the Rights of Older People.

Funding and finance

Balance sheet

	2016/17 (£m)	2015/16 (£m)
Fixed assets	27.2	31.8
Investments	57.5	32.4
Net current (liabilities) / assets	(2.3)	8.6
Long-term creditors and provisions	(9.7)	(15.1)
Net assets before defined pension scheme liability	72.7	57.7
Defined pension scheme liability	(23.1)	(15.7)
Net assets after defined benefit pension scheme liability	49.6	42.0

Balance sheet assets increased by 18.1 per cent, from £42.0 million to £49.6 million. The £7.6 million increase in balance sheet assets comprises:

- £4.6 million decrease in fixed assets due mainly to the sale of our Aid-Call business assets and a property in Ashburton.
- £25.1 million increase in investments due to unrealised gains in the year of £3.9 million, and the transfer of surplus cash arising from the sale of Aid-Call.
- £10.9 million decrease in net current assets. This is due to lower trade debtors in line with the reduced income levels and an increase in accrued grants payable.
- £5.3 million reduction in long term creditors and provisions due to payment of restructuring provisions accrued in the prior year, and elimination of finance lease obligations relating to the sale of Aid-Call.
- £7.4 million increase in the defined-benefit pension scheme liability due to unfavourable market movements impacting the measurement of liabilities.

Pension scheme

In October 2012, the two final salary pension schemes of Age Concern England and Help the Aged merged into one scheme with two sections. The defined benefit pension scheme deficit of £23.1 million (£15.7 million in 2015/16) is explained in detail in Note 21 of the financial statements (see pages 70–75). Both sections of the scheme are closed to new entrants and future accrual.

A full actuarial valuation took place on 1 April 2016 and this has been reworked and projected forward using the 2017 FRS 102 assumptions.

Both sections of the scheme are valued and reported in accordance with FRS102 and advised by scheme actuaries. The scheme showed an overall increase in deficit of £7.4 million (£6.0 million decrease in 2015/16). This was mainly due to year on year changes in market conditions that impacted the valuation of liabilities.

Scheme liabilities increased primarily due to a reduction in the discount rate to 2.5 per cent (3.4 per cent in 2015/16), as a result of a year on year drop in market bond yields. In addition an increase in projected RPI to 3.3 per cent from 3 per cent has further increased the value of Scheme liabilities.

These two factors have offset the benefit of improved investment returns resulting in an increase in deficit.

Strategic report

Reserves policy

Age UK's reserves policy is reviewed annually and based on a free reserves approach. Under this policy, Age UK takes a nine month forward view of free reserves, factoring in commercial and other risks. This enables Age UK to determine the reserves range required for the Charity to cover planned charitable expenditure over the following nine months under two adverse scenarios. This calculation gives a required free reserves range of between £30 million and £50 million. At March 2017, Age UK's reserves of £43.7 million were within this range.

Investment policy

The investment principles adopted by the Trustees are:

- To protect the real value of our assets and income by holding a diversified balanced portfolio of uncorrelated asset classes in order to reduce risk.
- To hold at least £5 million in readily convertible assets, including cash, in order to provide flexibility.

As at 31 March 2017, Age UK held just over £57 million with Sarasin. The funds are split between short-term and long-term portfolios. The short-term portfolio contained just over £23 million (which included the proceeds from the sale of Aid-Call). These funds are invested defensively in government and corporate bonds and cash. The long term portfolio contained just under £31.5 million and was invested in government and corporate bonds, index-linked gilts, UK commercial property, UK and global equities, alternative assets and cash. The largest investment (£8.8 million) was in the Sarasin Global Dividend Fund which is a diversified portfolio of global equities aiming to beat the return from the MSCI All Countries World Equity index. Age UK holds endowed funds with a market value as at 31 March 2017 of £2.2 million

(2015/16 £2.1 million). The management of these funds was moved from J.P. Morgan to Sarasin during the course of the year and invested in the Alpha Common Investment Fund for Endowments.

The short-term portfolio produced a total return of +4.3 per cent for the 12 months to 31 March 2017, which was the same as the benchmark return. The long-term portfolio produced a total return of +16.7 per cent which reflects the good returns from equities and the devaluation of sterling which enhanced the equity returns. The portfolio's return did not match the benchmark principally because of equity stock selection, although it should be noted that the year incorporated a period of portfolio reorganisation and benchmark change following a strategic review. The portfolio's allocation to equities was increased from 45 per cent to 60 per cent and there was a five per cent allocation to commercial property.

These additions were funded from bonds, alternative assets and cash. These changes were complete by 31st December 2016. The portfolio's return compares well with the charity peer group.

Age UK holds one property valued at £0.3 million (one property valued at £0.2 million in 2015/16) as a long-term investment.

Dividend income increased from £0.9 million in 2015/16 to £1 million in 2016/17.

Liquid investments

	2016/17 (£m)	2015/16 (£m)
Liquid assets	5.2	2.7
Listed investments	49.6	27.2
Total liquid investments excl cash	54.8	29.9
Net cash	6.2	8.1
Total liquid investments	61.0	38.0
Less: restricted reserves	5.9	3.9
General liquid investments	55.1	34.1

Internal control and risk

The Trustees have overall responsibility for ensuring that Age UK has an appropriate system of controls, financial and otherwise, across Age UK and its subsidiaries to provide reasonable assurance that:

- Its assets are safeguarded against unauthorised use or disposition.
- Proper records are maintained and that financial information is reliable.
- Relevant laws and regulations are complied with.

The Trustees have a risk management process in place to identify, assess and implement risk management strategies. Age UK draws upon the expertise of internal risk specialists, provides related training to employees to ensure they understand their responsibilities, and risk is embedded in day-to-day processes. Age UK has defined its appetite for risk and assesses the risks it faces in terms of the approved appetite, likelihood and potential impact, and appropriate management, and records them in a Corporate Risk Register.

The Audit and Risk Committee works closely with the internal and external auditors to assure itself that all key controls are in place. The Committee considers that Age UK is increasingly able to focus on taking a risk-based approach to the strategic challenges it faces.

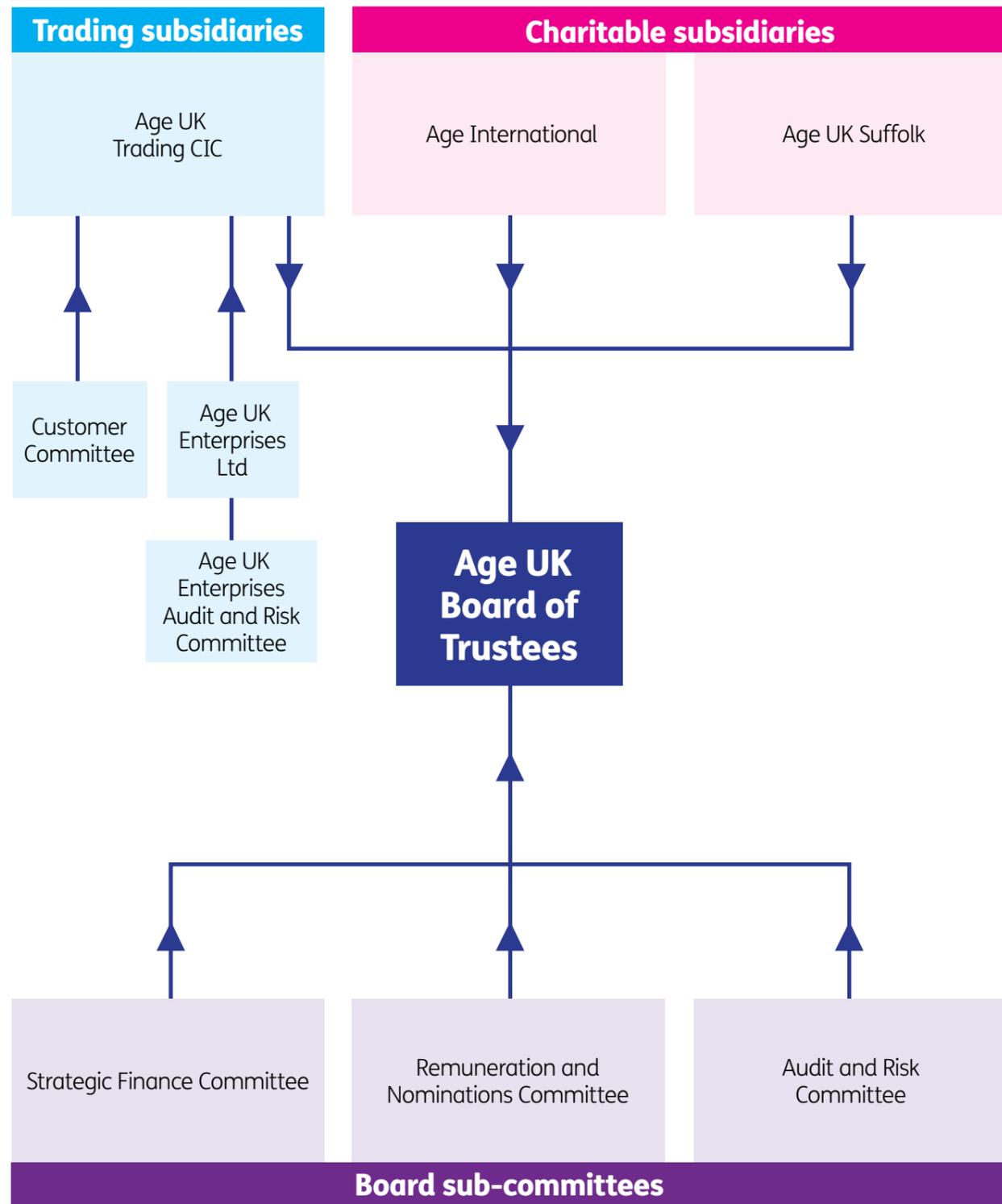
There are processes in place to report and investigate serious incidents and ensure that the required corrective actions are taken.

The Trustees consider that the principal risks that Age UK faces are:

Risk	Management
Reduced public trust in the UK charity sector leads to lower donations and impacts on our ability to provide services and support to older people.	<ul style="list-style-type: none"> We have developed our Fundraising Charter with our donors and older people in mind setting out our fundraising principles and what our donors can expect. We have established a Fundraising Sounding Board to continually incorporate older peoples' views in our fundraising communications and activities. We are compliant with the requirements of the new Fundraising Regulator.
A decrease in government and local authority spending has an adverse impact on the sustainability of our local partner network and the delivery of local services to older people.	<ul style="list-style-type: none"> We are supporting our local partners to secure higher value contracts, grants and develop new paid for services. We provide local partners with unrestricted income to support core running costs and offer them the opportunity to earn additional income by working in partnership with Age UK's commercial subsidiaries. We are working with our local partners to support their strategy, planning and effective financial governance. We are working with those local partners who provide CQC-registered services to ensure the ongoing quality and viability of their work.
Increasing levels of regulation and a broad regulatory landscape may result in failure to comply with the needs of all of regulators.	<ul style="list-style-type: none"> We have mapped out regulators' expectations to our areas of activity to provide clear lines of responsibility and reporting. A Governance review has been conducted to ensure we regularly understand the changing requirements of all of our regulators.

Risk	Management
Economic uncertainty could adversely affect market returns and thereby increase the pension scheme deficit and/or reduce the value of the investments portfolio.	<ul style="list-style-type: none"> We have an approved investment policy in place which is regularly reviewed. We use external professional advisors to manage our pension scheme deficit and investments. We have a diverse portfolio of investments to minimise any impact. Investment portfolio performance and the size of the pension scheme deficit are reported and reviewed on a regular basis.
Our commercial activities do not meet the current and changing expectations of customers, the charity, older people and society.	<ul style="list-style-type: none"> Our commercial activities are being clearly re-branded to address any misperceptions. We have introduced Trading Principles to guide Age UK Trading CIC's work. The Product Review Committee regularly monitors the appropriateness of the products on offer. Financial and governance structures of the Charity and commercial company are clearly defined.

Corporate governance



Age UK is a charity constituted as a company limited by guarantee (registered charity number 1128267 and registered company number 6825798) and therefore subject to charity, trust and company law. This Report of the Trustees incorporates the Strategic report and the Directors' report required under the Companies Act 2006 (Strategic report and Directors' report) Regulations 2013.

Age UK is governed by a Memorandum and Articles of Association which sets out its charitable objectives:

- Preventing or relieving the poverty of older people.
- Advancing education.
- Preventing or relieving sickness, disease or suffering in older people.
- Promoting equality and diversity and the human rights of older people.
- Assisting older people in need by reason of ill health, disability, financial hardship, social exclusion or other disadvantage.
- Such other charitable purposes for the benefit of Older people as the Trustees may decide.
- Promoting the human rights of older people in accordance with the Universal Declaration of Human Rights.

Responding to the Charity Commission's recommendations

Following the Charity Commission's case report on 19 April 2016, we have undertaken an extensive programme of work to consider the Commission's recommendations and put in place changes that will further improve the governance and transparency of the relationship between the Charity and Age UK Trading CIC.

Governance changes

Changes have particularly focused on establishing a clearer distinction between Age UK and Age UK's subsidiaries, including Age UK Trading CIC. Changes include:

- A new Framework document between Age UK and its subsidiaries to clarify the governance relationship between the Board of Trustees and its subsidiaries.
- Revised Schemes of Delegation between the Board of Trustees and its subsidiary companies and refreshed Terms of Reference for all Boards and Committees.
- Trading Principles – a robust, simple and clear statement of the principles which Age UK Trustees will require Age UK's trading companies to follow.
- Improved and more timely reporting from Committees and subsidiary Boards to the Board of Trustees, with a greater emphasis on reporting through the governance structure.
- The appointment of new Trustees to ensure a balance of business and charitable skills and experience.
- An expanded Customer Committee, with a remit to ensure the trading companies meet their customers' needs.
- The establishment of a new Product Review Committee, to ensure that trading products are reviewed regularly, and that there is appropriate challenge from the charity when developing and reviewing products.

In April 2017, Trustees formally agreed the rebranding of the non-primary purpose trading activities (e.g. financial and independent living products) carried out by Age UK Trading CIC and Age UK Enterprises Ltd.

Corporate governance

Board of Trustees

Our Board of Trustees, who are also Directors of the Charity for the purposes of the Companies Act, have overall responsibility for the strategy, management and control of Age UK (the Charity and its subsidiaries). Our Chief Executive, working with the Executive Team, is responsible for delivering the Board's vision and strategy and for the day-to-day operations.

As of 31 March 2017, the Board was made up of 11 Trustees (see page 80).

Our Articles allow up to 12 Trustees including:

- Eight Appointed Trustees
- An ex-officio the Chair of the Age England Association (representing our network of Brand Partners); and
- Up to three co-opted Trustees (for a term to be decided by the Trustees).

All Trustees are required to demonstrate that they meet the skills needed set out in the role profile. Appointments are led by the Remuneration and Nominations Committee which makes recommendations to the Board of Trustees. We recruit based on an evaluation of the balance of the diverse skills and experience needed to govern the Charity in the long term, ensuring that the Board is fit for purpose and brings a diversity of different interests.

Appointed Trustees are recruited following external advertisement and their skills and competencies are assessed against the role profile. They serve for an initial term of two years and, subject to review and the approval of the Board of Trustees, may serve for two further periods of three years.

All new Trustees are given an induction programme which is tailored to their needs.

Individual Trustees have regular appraisals with the Chair of the Board; this enables any training and development needs to be identified and addressed.

In 2016/17, the Board of Trustees met eight times.

Board committees

The Age UK Board has established a number of Committees to consider issues in greater depth and to advise the Board. All Committees are accountable to, and report to the Board, and have no decision making authority. The Board, recognising its responsibilities, delegates decision-making to Committees by exception.

The following Committees advised the Board during 2016/17:

Age UK Group Audit and Risk Committee

The Audit and Risk Committee was chaired by Lawrence Churchill, a Trustee of Age UK, from February 2016 to May 2017.

The Committee:

- Ensures that Age UK and its subsidiaries are identifying, recording and managing risks effectively.
- Provides assurance to the Board of Trustees on Age UK's internal controls, including financial controls, and compliance with relevant law and regulation.
- Oversees the internal audit function
- Provides oversight of the risk management, internal controls and compliance of Age UK's subsidiaries.
- Oversees the external audit function and timely production of Age UK's Annual Report and Accounts.

In 2016/17, the Audit and Risk Committee met six times.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee is chaired by Chris Hughes, a Trustee of Age UK.

The Committee:

- Reviews pension, employment and remuneration policies.
- Determines the salary and appointment of the Chief Executive and the Executive Directors.

- Leads the process of Trustee appointments, including the appointment of the Chairman of the Board of Trustees, Committee appointments and appointments to the Boards of Age UK's subsidiaries.
- Oversees Age UK's annual pay and performance review process.

In 2016/17, the Remuneration and Nominations Committee met once.

Strategic Finance Committee

In our 2015/16 report we said that the future of the Strategic Finance Committee was under review. Following an extensive review of our governance arrangements and on the recommendations of the review (see page 31) the Strategic Finance Committee has been revived. The Committee is chaired by Sir Brian Pomeroy, CBE a Trustee of Age UK.

The Committee:

- Supports the Age UK Board of Trustees to ensure the financial stability and future growth of Age UK.
- Provides oversight of the Charity's finances and investments, financial strategy, objectives, plans and policies.
- Ensures strategic dialogue between Age UK and its subsidiaries.

The Committee in its new format first met in March 2017. The committee will meet at least three times each year at appropriate times in the financial reporting cycle.

Age UK subsidiaries

The Age UK Group comprises Age UK, Age International and a number of trading subsidiaries. Age UK's principal subsidiaries are:

Age International

The members of Age International are Age UK and HelpAge International. Age International is the UK affiliate of the HelpAge International global network of organisations focused on ageing. The network has 125 members in 77 countries.

Age International is governed by a Board of eight Trustees, of which two are nominated by Age UK and two by HelpAge International. Two further Trustees, who must not be connected to Age UK or HelpAge International, are nominated by the two organisations, these latter two serving for a three year term which may be renewed.

The Chair of Age International is Dianne Jeffrey CBE DL and the Managing Director is Chris Roles.

In 2016/17, the Age International Board met four times. More information can be found in Age International's Trustees Report 2016/17.

Age International is the trading name of HelpAge International UK, a charitable company limited by guarantee and registered in England and Wales (registered charity number 1128267-9 and registered company number 07897113).

Age UK Trading Community Interest Company

Age UK Trading is a Community Interest Company limited by shares (registered company number 1102972). In accordance with the company's Articles of Association, any surplus generated may be returned to Age UK, the sole member of the company to use to benefit the community, in particular, activities that are in furtherance of the Charity's objectives.

The Community Interest Company brings together Age UK's commercial activities, including our network of over 400 charity shops, dealing in the sale of donated goods. Age UK Trading also generates income from the sale of new goods and from selling second hand goods on behalf of the general public as an agent. The company receives income from the marketing and referral of customers to our commercial partners.

The Board is chaired by David Hunter, a Trustee of Age UK and its membership is made up non-Executive Directors who are also Trustees of Age UK, the Chief Executive of Age UK, the Managing Director of Age UK Trading CIC, Ian Foy and Barbara Merry, Chair of Age UK Enterprises.

Corporate governance

Age UK Enterprises

Age UK Enterprises Ltd is a registered company limited by guarantee (registered company number 3156159).

Age UK Enterprises provides insurance services and other products designed for people in later life.

The Board of Age UK Enterprises is chaired by Barbara Merry a non-Executive Chair who is also a non-Executive Director of Age UK Trading CIC. The Age UK Enterprises Board membership is made up of two non-Executive Directors, the Managing Director of Age UK Trading CIC, Ian Foy, and the Executive Director of Age UK Enterprises, Doug Strachan. No Trustees sit on the Board.

In 2016/17, the Age UK Enterprises Board met seven times.

Age UK Suffolk

Age UK acquired Age UK Suffolk on 7 February 2017 and is the sole member of the Company (registered company number 04150543).

In December 2016, the Trustees of Age UK Suffolk contacted Age UK with a request for support due to financial difficulties. The Age UK Board of Trustees discussed a number of options, and having taken legal advice concluded that the most appropriate option for the older people of Suffolk and for Age UK is that Age UK should be admitted as sole member of Age UK Suffolk and added to the register of Age UK Suffolk's members.

In doing so, Age UK has not assumed responsibility for the liabilities of Age UK Suffolk.

The Board of Trustees approved the appointment of the members of the Board of Age UK Suffolk on 26 January 2017. The intention of Age UK's Board of Trustees and the Board of Age UK Suffolk is that Age UK Suffolk will be returned to independence.

Aid-Call

Aid-Call Limited is a dormant company. Now PPP Taking Care Ltd (company number 1488490).

Age UK sold Aid-Call Ltd on 1 November 2016. [Financial information to that date is included in Age UK's annual accounts.]

The principal activity of Aid-Call consisted of the design, marketing, sale, rental and installation, monitoring and maintenance of personal alarm systems for people at risk.

Subsidiary Committees

Customer Committee

The Customer Committee was established by the Board of Age UK Trading CIC and the Board of Age UK Enterprises to make sure the trading companies have oversight of attitudes to, and interactions with, their customers.

The Customer Committee was preceded by the Customer Experience Committee. In March 2017, it changed its name and adopted new Terms of Reference. The Committee ensures that, within the context of the primary aim of raising funds for Age UK Charity:

- The companies deliver on their promises to customers with products and services that meet their needs.
- The companies have a well embedded customer-centric culture.
- There is no detrimental impact on the charity's brand reputation.

The Customer Committee is chaired by André Oszmann, who is an Independent Non-Executive Director of the Age UK Enterprises Board. In 2016/17, the Customer Committee met five times (including as the Customer Experience Committee).

Age UK Enterprises Audit and Risk Committee

The Age UK Enterprises Board has established an Enterprises Audit and Risk Committee to ensure that the Board has the assurance it needs in relation to the Company's risk management, compliance and internal controls.

The Chair of the Age UK Enterprises Audit and Risk Committee is Stuart Purdy, a non-Executive Director of Age UK Enterprises. In 2016/17, the Age UK Enterprises Audit and Risk committee met four times.

Age UK and its partners

Age UK, local Age UKs and Friends of local Age UKs are all members of the Age England Association, a body that supports us to work together effectively. Age UK has regular meetings with the Age England Association's Executive Committee.

Age UK also works closely with Age Cymru, Age NI and Age Scotland to co-ordinate work at a national level in the UK.

Age UK grant-making policy

Through its grant-giving, Age UK supports other local partners in delivering key services and developing them as sustainable organisations. It also supports other local, national and international organisations to further Age UK's strategic objectives to improve the lives of older people.

Age UK's grant programme is funded by Government, external trusts and foundations and from its own income.

Each application received for grant aid is rigorously assessed. All grant recipients are required to submit progress reports (normally quarterly or as defined by the specific programme).

Most grants are for less than 12 months; where for a longer period of time, a full mid-term review is undertaken.

Environment

Age UK is a professional and environmentally aware organisation that acknowledges the impact that its operations may potentially have on the environment.

We aim to work towards environmental best practice and minimise any impact on the environment by:

- Considering the effect that our operations may have on the local and wider community.
- Taking action to eliminate or reduce, as far as practicable, any potential adverse environmental impacts.
- Behaving in a considerate and socially responsible manner.
- Ensuring effective and expedient incident control, investigation and reporting.

Disclosure of information to auditor

Each of the persons who is a Trustee at the date of approval of this report confirms that, so far as each Trustee is aware, there is no relevant audit information of which the Charity's auditor is unaware, and the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

Auditor

In accordance with section 485 of the Companies Act 2006, resolutions proposing the reappointment of KPMG LLP as auditor of Age UK and authorising the Board to set their remuneration will be put to the members at the Annual General Meeting.

Corporate governance

Statement of responsibilities of the Trustees of Age UK in respect of the Trustees' Annual Report (comprising the Strategic report and the Directors' report) and the financial statements.

The Trustees are responsible for preparing the Trustees' Annual Report (comprising the Strategic report and the Directors' report) and the financial statements in accordance with applicable law and regulations. Company law requires the Trustees to prepare financial statements for each financial year. Under that law they are required to prepare the Group and parent company financial statements in accordance with accounting standards and applicable law (UK Generally Accepted Accounting Practice).

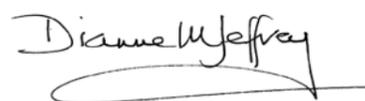
Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and charitable company and of the Group's excess of income over expenditure for that period.

In preparing each of the Group and charitable company financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently and make judgements and estimates that are reasonable and prudent.
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and the charitable company will continue its activities.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Report of the Trustees, which incorporates the requirements of the Strategic report and the Directors' report as set out in the Companies Act 2006 (Strategic report and Directors' report) Regulations 2013, was approved by the Board, in their capacity as Trustees and company Directors and signed on its behalf on 28 September 2017 by:



Dianne Jeffrey CBE DL
Chairman



Independent auditor's report

Report to the members of Age UK

We have audited the financial statements of Age UK for the year ended 31 March 2017 set out on pages 40–79. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 36, the Trustees (who are also the Directors of the 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.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the Group's and the charitable company's affairs as at 31 March 2017 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 UK Generally Accepted Accounting Practice.
- Have been prepared in accordance with the Companies Act.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report, which constitutes the Strategic report and the Directors' report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

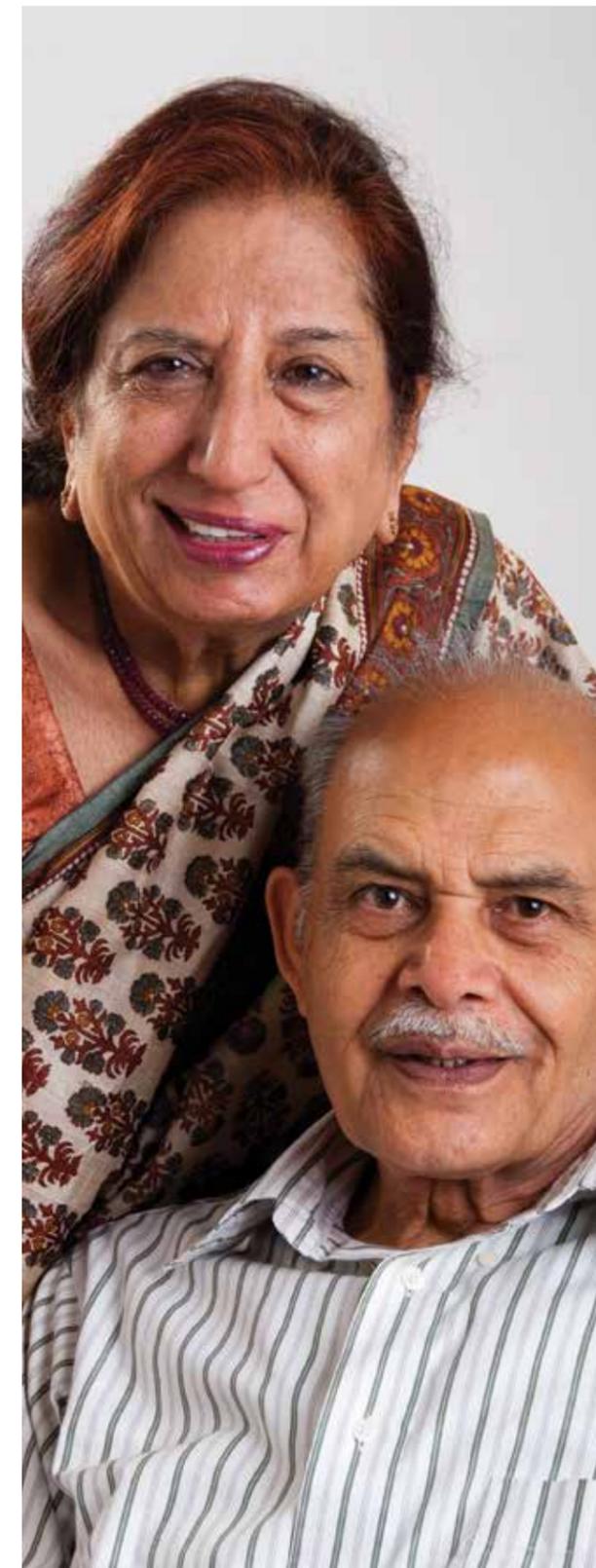
- The charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- The charitable company financial statements are not in agreement with the accounting record and returns; or
- Certain disclosures of Trustees'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



Lynton Richmond
(Senior Statutory Auditor)
for and on behalf of KPMG LLP,
Statutory Auditor.

Chartered Accountants, 15 Canada Square,
Canary Wharf, London E14 5GL

9 October 2017



Consolidated statement of financial activities

For the year ended 31 March 2017

	Note	Unrestricted £'000	Restricted and endowed £'000	2017 £'000	2016 £'000
Income from generated funds:					
Donations and legacies	3	34,008	19,149	53,157	53,582
Expenditure on raising donations and legacies	7a	(5,718)	(190)	(5,908)	(5,834)
Net voluntary income		28,290	18,959	47,249	47,748
Net income from trading activities	4	23,168	-	23,168	31,075
Income from charitable activities	5	1,286	3	1,289	6,176
Other income	6	1,423	-	1,423	1,433
Net income available for charitable activities		54,167	18,962	73,129	86,432
Charitable activities					
Information and advice		(9,978)	(1,134)	(11,112)	(17,106)
Health and care		(5,714)	(132)	(5,846)	(6,848)
Wellbeing		(4,944)	(3,817)	(8,761)	(9,699)
Supporting the network		(21,408)	(66)	(21,474)	(21,106)
Campaigning and research		(7,492)	(704)	(8,196)	(9,261)
International		(6,346)	(11,454)	(17,800)	(16,777)
Expenditure on charitable activities	7c	(55,882)	(17,307)	(73,189)	(80,797)
Net gains/(losses) on investments		3,636	281	3,917	(1,379)
Net income before other recognised gains and losses		1,921	1,936	3,857	4,256
Other recognised gains and losses					
Gains on revaluation of properties		-	-	-	3,498
Actuarial (losses)/gains on defined benefit pension scheme	21	(9,707)	-	(9,707)	2,146
Gain on sale of subsidiary	30a	13,758	-	13,758	-
Goodwill written off upon acquiring control of subsidiary charity	30b	(292)	-	(292)	-
Net movement in funds for the year		5,680	1,936	7,616	9,900
Analysis of net income from trading activities					
Income	4	93,828	-	93,828	106,880
Expenditure	7b	(70,660)	-	(70,660)	(75,805)
Net income from trading activities		23,168	-	23,168	31,075
Reconciliation of funds					
Total funds at 1 April		38,050	3,923	41,973	32,073
Net movement in the year (see above)		5,680	1,936	7,616	9,900
Total funds at 31 March		43,730	5,859	49,589	41,973

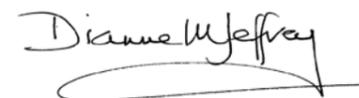
The accompanying notes on pages 44-79 form part of these financial statements.

Consolidated balance sheet

For the year ended 31 March 2017

	Note	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Fixed assets:					
Tangible assets	12	27,209	31,753	26,528	28,040
Investments	13	57,490	32,360	57,490	32,360
Total fixed assets		84,699	64,113	84,018	60,400
Current assets					
Stock	14	566	534	-	-
Debtors	15	19,006	22,902	15,398	27,433
Cash at bank and in hand		6,236	8,051	3,400	959
Total current assets		25,808	31,487	18,798	28,392
Liabilities					
Creditors: Amounts falling due within one year	16	(28,083)	(22,875)	(23,336)	(24,515)
Net current assets/(liabilities)		(2,275)	8,612	(4,538)	3,877
Creditors: Amounts falling due after one year	17	(1,372)	(3,024)	(1,372)	(1,701)
Provisions for liabilities and charges	18	(8,405)	(12,017)	(6,060)	(5,875)
Net assets excluding pension liability		72,647	57,684	72,048	56,701
Defined benefit pension scheme liability	21	(23,058)	(15,711)	(22,357)	(15,564)
Net assets		49,589	41,973	49,691	41,137
Funds					
Endowment funds		2,383	2,102	2,383	2,102
Restricted funds		3,476	1,821	3,447	1,791
Total endowed and restricted funds	19	5,859	3,923	5,830	3,893
Fixed asset funds					
General reserve - excluding pension liability		57,300	41,816	56,730	40,863
Pension reserve	21	(23,058)	(15,711)	(22,357)	(15,564)
General reserve	19	34,242	26,105	34,373	25,299
Total unrestricted funds	19	43,730	38,050	43,861	37,244
Total funds		49,589	41,973	49,691	41,137

The accompanying notes on pages 44-79 form part of these financial statements. The financial statements on pages 40-79 were approved by the Board of Trustees on 28 September 2017 and signed on its behalf by:



Dianne Jeffrey CBE DL
Chairman

Consolidated cash flow statement

For the year ended 31 March 2017

Cash flows from operating activities	Group 2017 £'000	Group 2016 £'000
Net income for the year	7,616	9,900
Adjustments for:		
Investment income and interest received	(953)	(894)
Share of operating profit of joint ventures	-	(412)
Impairment of tangible fixed assets	-	139
Depreciation and amortisation of fixed assets	3,197	2,084
(Gain) on sale of fixed assets	(470)	(127)
Net loss/(gain) on investments	(3,917)	1,379
Gains on revaluation of properties	-	(3,498)
Actuarial losses/(gains) on defined benefit pension scheme	9,707	(2,146)
Gain on sale of subsidiary	(13,758)	-
Goodwill written off	292	-
	(5,902)	(3,475)
(Increase) / decrease in stocks	(32)	77
Decrease / (increase) in debtors	3,896	(2,720)
Increase / (decrease) in creditors	3,556	(2,271)
(Decrease) / increase in provisions	(3,612)	2,823
Difference between pension charge and cash contribution	(2,360)	(3,870)
	1,448	(5,961)
Net cash from operating activities	A 3,162	464

Cash flows from investing activities	Group 2017 £'000	Group 2016 £'000
Distribution received from joint venture	0	416
Cash from sale of subsidiary:		
Proceeds	18,723	-
Cost of divestment	(2,645)	-
Net cash inflow from sale of subsidiary	16,078	-
Capital expenditure and financial investment:		
Purchase of tangible and intangible fixed assets	(2,375)	(3,047)
Proceeds from sale of tangible and intangible fixed assets	1,580	1,004
Purchase of fixed asset investments	(23,125)	(821)
Sale of fixed asset investments	1,939	670
Net cash (outflow) for capital expenditure and financial investment	(21,981)	(2,194)
Net cash from investing activities	B (5,903)	(1,778)

Cash flows from financing activities	Group 2017 £'000	Group 2016 £'000
Returns on investment and servicing of finance:		
Investment income and interest received	953	894
Investment management costs	(27)	(43)
Net cash from financing activities	C 926	851

Reconciliation of net cash flow to movement in net funds:	Group 2017 £'000	Group 2016 £'000
Net (decrease) in cash in the period	A+B+C (1,815)	(463)
Cash and cash equivalents at 1 April 2016 (2015)	8,051	8,513
Cash and cash equivalents at 1 April 2016 (2015)	6,236	8,051

The accompanying notes on pages 44–79 form part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2017

1. Accounting policies

The Charity is a company limited by guarantee. The members of the company are the Trustees, who are also ordinary members and named on page 80. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

The principal accounting policies are summarised below.

Basis of preparation

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £'000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The financial statements are prepared on the historical cost basis with the exception of investments and properties which are stated at fair value.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note two.

The Trustees have reviewed Age UK's financial position and considered the impact of future activities, to ensure it is appropriate to produce the accounts on a going concern basis.

The Charity presents its charitable activities under six headings which reflect how the different functions within the Charity work together to help more people love later life.

Basis of consolidation

The consolidated accounts of the Group incorporate the accounts of the Charity and its subsidiary undertakings.

The Trustees have taken the exemption conferred by S408(3) Companies Act 2006, accordingly the accounts present a consolidated Statement of Financial Activities (SOFA) only. In order to comply with the Charities SORP the gross income and net incoming resources for the Charity for the year to 31 March 2017 are disclosed in note 19.

Income

Income is accounted for as the Charity earns the right to its consideration by its performance. All income is derived from services and activities carried out in the UK.

All income is included in the SOFA when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies apply to categories of income:

- Donations and all other receipts generated from fundraising are reported gross on a receivable basis.
- Legacies are accounted for as income once the receipt of the legacy becomes probable and quantifiable. For pecuniary legacies this will generally be at the point probate is granted. For residuary legacies this will generally be when a copy of the will and an Assets and Liabilities Statement has been received from the executor.

- Grants receivable income, where related to performance and specific deliverables, is accounted for as the Charity earns the right to consideration by its performance. Where income is received in advance of performance, its recognition is deferred and included in creditors. Where entitlement occurs before income is received, the income is accrued.
- Gifts In Kind, where donated for distribution, are included at the value to the Charity and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold at the price realised.
- Where donated services and facilities are provided, these are included at the value to the Charity where this can be quantified. An equivalent amount is recognised in costs. The value placed on them is the value to the Charity (i.e. the price the Charity would have paid on the open market). No amounts are included in the financial statements for services donated by volunteers.
- Investment income is accounted for when receivable and includes the related tax recoverable.
- Trading income is accounted for on an invoiced basis. Income from insurance activities is accounted for when the insurance policy is sold or renewed. The upfront payment arising from the sale of emergency alarm products has been accounted on an invoiced basis.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that 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.

Grants payable are charged in the year when the offer is conveyed to the recipient, except in cases where the offer is conditional, such grants being recognised as expenditure when the conditions are fulfilled.

Fundraising costs are those incurred in seeking voluntary donations and do not include the costs of disseminating information in support of charitable objectives.

Governance costs are the costs associated with the running of the Charity, as opposed to the direct management functions inherent in generating funds, service delivery and programme or project work. These include such items as internal and external audit, legal advice for Trustees and costs associated with constitutional and statutory requirements.

Support costs, which include office functions such as general management, payroll administration, budgeting and accounting, information technology, human resources and financing, are allocated across the categories of charitable expenditure, governance costs and the costs of generating funds. The basis of the cost allocation has been explained in note 8 to the accounts.

Where information about the aims, objectives and projects of the Charity is provided in the content of fundraising material, those costs are apportioned to charitable expenditure.

A percentage of the cost of selling donated goods has been allocated to charitable activities. The percentage allocation is based on the number of hours per week spent by full-time equivalent staff in promoting the Charity's activities. Irrecoverable VAT is charged as a cost to the SOFA.

Notes to the financial statements

For the year ended 31 March 2017

Intangible fixed assets

Development costs are capitalised when they are expected to generate future revenue streams. Such costs are amortised over a period no longer than three years commencing in the year in which sales of the product are first made.

Impairments are recognised when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Tangible fixed assets

Tangible fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets costing more than £5,000 are capitalised and included at cost including any incidental expenses of acquisition.

The property portfolio is revalued at least every three years. Losses arising on revaluation of any property are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any gains arising on revaluation are recognised in other comprehensive income only where the group has discretion over the timing of the asset's disposal, thereby excluding gifted housing properties.

Depreciation and any impairment is provided on all tangible fixed assets at rates calculated to write off the cost on a straight-line basis over their expected useful economic lives as follows:

Freehold land	nil
Freehold and long-leasehold properties	over 40 or 50 years
Gifted housing	over 50 years
Short-leasehold properties	over 5 years
Fixtures and fittings	over a period ranging from 3 to 10 years
Motor vehicles	over 4 years
Computer equipment	over 3 years

Investments

Listed investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year. Investments in subsidiaries are held at cost less provision for impairment if any.

It is the Charity's policy to keep valuations up to date such that when investments are sold there is no realised gain or loss arising. As a result the SOFA does not distinguish between the valuation adjustments relating to sales and those relating to continued holdings, as they are both treated as changes in the investment portfolio throughout the year.

Movements in value arising from investment changes or revaluation and the profit on disposal of investments have been charged or credited to the funds to which they relate.

Investment properties are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations in the year.

Gifted housing scheme

Gifted houses are accounted for as income when donated at market value. A qualified surveyor carries out the valuations. When an individual donates a house to the Charity, the Charity is committed to caring for that individual. An actuarial valuation of the total costs for individuals who have gifted their house is made and the sum is included within provisions for liabilities and charges. Costs are charged to the provision as incurred (note 18).

Leases

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases and are charged to the SOFA on a straight-line basis. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

Stock

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stock.

Items donated for resale or distribution are not included in the financial statements until they are sold or distributed.

Basic financial instruments

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Pensions

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Notes to the financial statements

For the year ended 31 March 2017

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans (and other long term employee benefits) is calculated (separately for each plan) by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss. Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs. The Charity makes deficit recovery payments to two closed defined benefits schemes that merged into one sectionalised scheme in October 2012.

For defined contribution schemes the amount charged to the SOFA for pension costs and other post-retirement benefits is the

contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The Charity contributes to a group personal pension plan operated by Zurich which is available to all employees over the age of 18. The assets of the scheme are held separately from those of the Charity. The annual contribution payments are charged to the SOFA.

Funds

Endowment funds

Investment income and gains/losses are allocated to the appropriate fund, all income from endowed funds currently held are accounted for as unrestricted.

Restricted funds

Restricted funds are funds subject to special conditions imposed by the donor, or with their authority (e.g. through a public appeal) or created through a legal process. The funds are not therefore available for work performed by Age UK other than that specified by the donor.

Unrestricted funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and include:

- **Fixed asset funds**

This fund represents amounts invested in gifted housing assets after allowing for the relevant donor support provision.

- **International funds**

This fund represents legacies attributable to donors with a history of making donation to the Charity's international activities, but has been received without any restriction. The Charity intend to spend these funds on international activities in recognition that the funds have been received from a donor known to support the Charity's international activities.

- **Revaluation reserve**

This fund represents the change in value due to revaluation of property fixed assets, as a result of changing accounting policy from holding properties at depreciated historic cost to value in use.

- **General reserves**

This represents funds which are expendable at the discretion of the Trustees in the furtherance of the objects of the Charity.

Pension reserve

In accordance with FRS102 – Retirement benefits, the liability attributable to the pension schemes as set out in note 21 is shown as a reduction of total funds. No designation of funds to meet future pension commitments at the balance sheet date is in place as the Charity anticipates that these commitments will be met through future cash flows and this is subject to regular review in conjunction with actuarial valuations and related professional advice.

2. Key sources of estimation uncertainty and judgements

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenues and expenses during the reporting period.

Key sources of estimation uncertainty

These include the following areas:

- Valuations attributed to properties.
- Assumptions used to value defined benefit pension liabilities.
- Future care costs related to Gifted Housing.
- Depreciation assumptions.
- Impairment of fixed assets.
- Realised value of legacies meeting probate valuation.

Judgements

- Probability of specific legacy receipts matching policy assumption.

Notes to the financial statements

For the year ended 31 March 2017

3. Voluntary income

	March 2017			March 2016		
	Unrestricted	Restricted and endowed	Total	Unrestricted	Restricted and endowed	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Donations and gifts	7,586	7,467	15,053	10,697	8,849	19,546
Legacies	25,860	1,718	27,578	24,759	884	25,643
Grants	562	9,964	10,526	518	7,875	8,393
	34,008	19,149	53,157	35,974	17,608	53,582

An amount of £10,356,834 (2016: £9,660,618) has not been accrued for legacy income because it did not meet all the conditions for recognition. These are amounts where notification has been received, but the executors have yet to establish that there are sufficient assets and liabilities in the estate, after settling any liabilities, to pay the legacy.

4. Net income from trading activities

	March 2017			March 2016		
	Unrestricted	Restricted and endowed	Total	Unrestricted	Restricted and endowed	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Retail	42,554	-	42,554	43,664	20	43,684
Financial services	32,222	-	32,222	35,910	22	35,932
Independent living solutions	7,721	-	7,721	11,606	-	11,606
Other trading income:						
Raffles and lotteries	10,121	-	10,121	9,781	-	9,781
Training	-	-	-	4,294	-	4,294
Corporate sponsorship	675	-	675	828	-	828
Other	535	-	535	755	-	755
Total income	93,828	-	93,828	106,838	42	106,880
Costs						
Retail (Note 7)			40,559			38,217
Financial Services (Note 7)			19,864			20,475
Independent living solutions (Note 7)			4,766			7,077
Other trading costs:						
Raffles and lotteries			5,276			4,890
Training			-			4,831
Corporate sponsorship			195			286
Other			-			29
Total trading activities for generating funds (Note 7)			70,660			75,805
Net income from trading activities			23,168			31,075

5. Charitable income

	March 2017			March 2016		
	Unrestricted	Restricted and endowed	Total	Unrestricted	Restricted and endowed	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Information and advice	109	3	112	1,290	106	1,396
Health and care	514	-	514	515	-	515
Wellbeing	379	-	379	727	-	727
Supporting the network	193	-	193	1,589	-	1,589
Campaigns and research	73	-	73	696	-	696
International	18	-	18	1,253	-	1,253
	1,286	3	1,289	6,070	106	6,176

6. Other income

	March 2017			March 2016		
	Unrestricted	Restricted and endowed	Total	Unrestricted	Restricted and endowed	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Gain on disposal of fixed assets	470	-	470	127	-	127
Gift Aid from joint ventures	-	-	0	412	-	412
Investment income	953	-	953	894	-	894
	1,423	-	1,423	1,433	-	1,433

Notes to the financial statements

For the year ended 31 March 2017

7. Expenditure

	Direct costs of activities £'000	Grant funding of activities £'000	Allocation of support costs £'000	March 2017 £'000	March 2016 £'000
Costs of generating funds					
(a) Costs of generating voluntary income:					
Donations and gifts	4,070	-	648	4,718	4,372
Legacies	310	-	213	523	773
Grants	569	-	98	667	689
	4,949	-	959	5,908	5,834
(b) Costs of generating trading income:					
Retail	37,014	-	3,545	40,559	38,217
Financial services	18,788	-	1,076	19,864	20,475
Independent living solutions	4,517	-	249	4,766	7,077
Other trading costs	5,312	-	159	5,471	10,036
	65,631	-	5,029	70,660	75,805
(c) Charitable activities:					
Information and advice	8,010	926	2,176	11,112	17,106
Health and Care	2,640	1,425	1,781	5,846	6,848
Wellbeing	4,775	2,205	1,781	8,761	9,699
Supporting the network	14,190	6,690	594	21,474	21,106
Campaigns and research	4,044	1,186	2,966	8,196	9,261
International	1,992	15,214	594	17,800	16,777
	35,651	27,646	9,892	73,189	80,797
Total expenditure	106,231	27,646	15,880	149,757	162,436

8. Support costs

	Directorate £'000	Finance and legal £'000	Office management £'000	IT £'000	Human resources £'000	Property £'000	2017 Total £'000	2016 Total £'000
Costs of generating funds								
Costs of generating voluntary income:								
Donations and gifts	11	144	86	315	77	-	633	365
Legacies	7	89	49	-	42	-	187	208
Grants	2	42	18	-	25	-	87	76
	20	275	153	315	144	-	907	649
Activities for generating trading funds:								
Retail	106	488	73	527	1,772	427	3,393	2,709
Financial services	75	136	93	495	268	-	1,067	680
Independent living solutions	16	29	20	106	57	-	228	145
Other trading costs	5	94	38	-	22	-	159	221
	202	747	224	1,128	2,119	427	4,847	3,755
Charitable activities:								
Information and advice	41	527	662	437	407	11	2,085	2,407
Health and care	32	406	505	408	328	10	1,689	1,969
Wellbeing	24	698	395	313	252	8	1,690	1,969
Supporting the network	6	83	92	221	95	5	502	657
Campaigns and research	62	774	987	478	565	11	2,877	3,280
International	6	83	91	222	95	5	502	657
	171	2,571	2,732	2,079	1,742	50	9,345	10,939
Governance costs	127	614	-	38	3	-	782	643
2017 Total support costs	520	4,207	3,109	3,560	4,008	477	15,881	
2016 Total support costs	499	4,756	2,546	3,900	3,754	532		15,986

Notes to the financial statements

For the year ended 31 March 2017

Cost allocation includes an element of judgement and the Charity has had to consider the cost benefit of detailed calculations and record keeping. Costs are allocated directly where possible and calculations have been made on a consistent basis year on year. Central support costs are allocated as follows:

- Directorate: Estimated staff time used to calculate weighted percentage.
- Finance and legal: Estimated staff time.
- Office management: Headcount.
- IT: Number of devices and use of resource.
- Human resources: Headcount and estimated staff time spent on each division.
- Property: Floor space used by each division.

Governance costs are made up of the following:	2017 Total £'000	2016 Total £'000
Internal audit	150	43
External audit	189	191
Trustees' expenses	3	3
Trustees' indemnity insurance	7	6
Trustees' conference and meeting costs	17	32
Apportionment of Directors' cost (based on time spent)	127	115
Other governance cost including company secretariat	406	345
	899	735
Element contained within support costs	782	643
Other governance costs	117	92
	899	735

9. Staff costs and staff numbers

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Salaries and wages	38,264	44,924	8,284	7,567
Social security costs	3,057	3,567	797	703
Pension costs	3,592	4,047	1,621	1,561
	44,913	52,538	10,702	9,831

Total redundancy cost for 2017 was £759,574 for the Group (2016: £3,473,419) and £Nil for the Charity (2016: £49,715). At 31 March 2017 there are 1,823 staff members in the defined contribution schemes (2016: 2,196 members).

The average number of employees, calculated on a full time equivalent (FTE) basis

	Group 2017	Group 2016
Charity	230	203
Age UK Trading companies	1,318	1,651
	1,548	1,854

Number of staff receiving remuneration above £60,000, stated on a FTE basis	Charitable activities 2017	Trading activities 2017	Total Group 2017	Total Group 2016
£60,000 - £70,000	6.7	5.3	12.0	13.0
£70,001 - £80,000	5.5	2.5	8.0	12.0
£80,001 - £90,000	3.3	3.7	7.0	10.0
£90,001 - £100,000	3.2	3.8	7.0	6.0
£100,001 - £110,000	0.9	0.1	1.0	2.0
£110,001 - £120,000	-	-	-	2.0
£120,001 - £130,000	-	-	-	-
£130,001 - £140,000	0.5	0.5	1.0	1.0
£140,001 - £150,000	-	1.0	1.0	1.0
£150,001 - £160,000	-	-	-	-
£160,001 - £170,000	-	-	-	-
£170,001 - £180,000	-	1.0	1.0	-
£180,001 - £190,000	-	-	-	-
£190,001 - £200,000	0.5	0.5	1.0	1.0
Total banded employees	20.6	18.4	39.0	48.0

There are a number of staff in Age UK who provide support to both the charitable and trading activities of the Group. These staff are employed by Age UK Trading CIC. The salaries of these staff are recharged to the relevant part of the Group in proportion to the amount of time spent on work to support that part of the Group. Other staff work exclusively for either the charitable or trading activities of the Group.

The two columns on the left-hand side of the table above, give a breakdown of how the time of the 39 FTE staff who received more than £60,000 in 2017, was divided between the charitable and commercial activities of the Group.

The table shows that no one whose work was exclusively charitable was paid more than £100,000.

Of the five FTE staff who were paid more than £100,000, 62 per cent of their time was spent on the trading activities of the Group, generating profits that were gifted to the Charity.

There were payments for redundancies or loss of office of £165,924 (2016: £580,731) to staff receiving remuneration of over £60,000.

Notes to the financial statements

For the year ended 31 March 2017

Remuneration in respect of key management personnel

Key management personnel for the Group have been determined to be the Executive Directors and the Trustees (see pages 80–81).

There is a net reduction of two Executive Directors in the year.

Remuneration in respect of Executive Directors including pension costs was £1,165,487 (2016: £1,447,766)

10. Trustee emoluments

The Trustees received no remuneration for their services to the Charity. The aggregated amount of expenses reimbursed to 14 Trustees during the year was £3,407 (2016: £4,404, 10 Trustees).

The nature of Trustees' expenses incurred was travel, accommodation and subsistence.

Indemnity insurance is provided for Trustees. Premiums paid during the year amounted to £6,861 (2016: £4,785).

11. Net income

This is stated after charging

	2017	2016
	£'000	£'000
Depreciation and amortisation of tangible and intangible fixed assets	4,073	1,646
Trustees' indemnity insurance	7	5
Trustees' reimbursed expenses	3	4
Interest payable	125	116
External Auditors' remuneration		
Audit of these financial statements	80	80
Audit of subsidiary companies	89	89
Tax compliance	40	42
All other services	145	145
Operating lease rentals – buildings	7,822	8,342
Operating lease rentals – other	240	361

12. Tangible Fixed assets

The Group

	Freehold and long-leasehold	Gifted Housing	Short leasehold	Motor vehicles	Equipment, fixtures and fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
Balance brought forward	11,042	11,660	11,015	330	12,966	47,013
a. Acquired with new subsidiary	793	–	–	58	448	1,299
Additions in year	107	–	7	–	2,261	2,375
b. Divested on business disposal	(16)	–	–	–	(3,881)	(3,897)
c. Disposals in year	(1,348)	(1,197)	(15)	(168)	(280)	(3,008)
At 31 March 2017	10,578	10,463	11,007	220	11,514	43,782
Depreciation						
Balance brought forward	(74)	(617)	(7,740)	(330)	(6,499)	(15,260)
a. Acquired with new subsidiary	(777)	–	–	(37)	(311)	(1,125)
Charge for the year	(130)	(153)	(1,176)	(12)	(1,726)	(3,197)
b. Divested on business disposal	14	–	–	–	1,851	1,865
c. Disposals in year	85	53	15	168	823	1,144
At 31 March 2017	(882)	(717)	(8,901)	(211)	(5,862)	(16,573)
Net book value at 31 March 2017	9,696	9,746	2,106	9	5,652	27,209
Net book value at 31 March 2016	10,968	11,043	3,275	–	6,467	31,753

Notes:

- Fixed Assets acquired with the consolidation of Age UK Suffolk, February 2017.
- Net Assets of AidCall Limited on disposal of the business in November 2016 included these Fixed Assets.
- Freehold and long-leasehold property disposal is the sale of Linhay House, Devon to AXA PPP as part of the AidCall disposal (cost £1,348,000; depreciation £88,000).

Notes to the financial statements

For the year ended 31 March 2017

The Charity

	Freehold and long-leasehold £'000	Gifted Housing £'000	Short leasehold £'000	Motor vehicles £'000	Equipment, fixtures and fittings £'000	Total £'000
Cost						
Balance brought forward	9,784	11,660	11,015	330	7,815	40,604
Additions in year	-	-	7	-	2,132	2,139
Disposals in year	-	(1,197)	(15)	(168)	-	(1,380)
At 31 March 2017	9,784	10,463	11,007	162	9,947	41,363
Depreciation						
Balance brought forward	(3)	(617)	(7,740)	(330)	(3,875)	(12,565)
Charge for the year	(137)	(166)	(1,176)	-	(1,040)	(2,519)
Disposals in year	-	66	15	168	-	249
At 31 March 2017	(140)	(717)	(8,901)	(162)	(4,915)	(14,835)
Net book value at 31 March 2017	9,644	9,746	2,106	-	5,032	26,528
Net book value at 31 March 2016	9,781	11,043	3,275	-	3,941	28,040

Revaluation

No revaluations took place in the year, in line with policy. An independent valuation of freehold and long leasehold properties was undertaken as at 31 March 2016 which resulted in properties being revalued by £3,709,321 in the prior year accounts for both the Charity and Group.

Impairment loss

No impairment loss was recognised in the year (2016: £163,290 on Gifted Housing assets).

Depreciation charge for the year for leased assets

	Group 2017 £'000	Charity 2017 £'000
Depreciation charge for the year	184	-
Net Book value	547	-

The net book value of freehold and long-leasehold properties comprises:

Fixed assets building value	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Freehold interest, including Gifted Housing	13,991	15,944	13,938	15,069
Long leaseholds	630	630	630	630
	14,621	16,574	14,568	15,699

Fixed assets land value	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Freehold interest, including Gifted Housing	4,822	5,437	4,822	5,125

13. Investment

Investments	Listed and unlisted investments £'000	Investment property £'000	Group £'000	Charity £'000
Market value at 1 April 2016	32,085	275	32,360	32,360
Additions	23,125	-	23,125	23,125
Disposals	(1,977)	-	(1,977)	(1,977)
Realised gain on disposals	3	-	3	3
Unrealised revaluation gain	3,979	-	3,979	3,979
Market value at 31 March 2017	57,215	275	57,490	57,490
Historic value at 31 March 2017	30,331	-	30,331	30,331

Investment properties are properties donated to Age UK through our Gifted Housing programme or received as a legacy. When these properties are retained by the Charity instead of being sold they are classified as investment properties. As these properties are acquired at a nil cost to the organisation they do not carry a historic value. The investment properties of the Charity were last valued at 31 March 2016 at open market value by Berrys.

Notes to the financial statements

For the year ended 31 March 2017

Listed and unlisted investments comprise of the following:

		2017	2016
		£'000	£'000
Listed investments	- Sterling fixed interest	26,334	10,481
	- UK equities	8,162	4,885
	- Global equities	9,715	5,800
	- Property	2,190	261
	- Alternative assets	3,217	5,788
		49,618	27,215
Unlisted investments	- Liquid assets	5,174	2,730
Total long and short term investments		54,792	29,945
Endowment funds:			
JP Morgan	- UK equity fund for charities	-	1,246
	- Bond fund for charities	-	743
Sarasin & Partners	- Sterling fixed interest	329	13
	- UK equities	736	70
	- Global equities	903	-
	- Property	200	-
	- Alternative assets	155	-
	- Liquid assets	30	-
		2,353	2,072
Other listed investments:	- Other investments	70	68
Total value of listed and unlisted investments		57,215	32,085
Total value of listed investments		52,041	29,355
Total value of unlisted investments		5,174	2,730

Age UK has the following subsidiary charities and trading companies:

Subsidiary undertaking	Principal activities	Ownership %
Trading subsidiaries:		100
Subsidiaries of Age UK		
HelpAge International UK	To raise funds for, and carry out Age UK's international charitable work	100
Age UK Trading CIC	To carry out trading activities to generate funds for Age UK	100
Age UK Suffolk	To raise funds and carry out charitable activities within the Suffolk region	100
Subsidiaries of Age UK Trading CIC		
Age Concern Holdings Ltd	Holding company for Age UK trading activities	100
Age UK Enterprises Ltd	Insurance and other services for older people	100
Age Cymru Retail Ltd*	Sale of bought in goods and donated goods	100
*Note: Age Cymru Retail Ltd was acquired on 31 January 2017.		
Subsidiaries of Age Concern Holdings Ltd		
Age Concern Financial Solutions Ltd	Provision of equity release products	100
Age UK Services Ltd	Supply of services to Age UK	100
intune Group Ltd	Arrangement of financial services	100
Non trading subsidiaries:		100
Subsidiaries of Age UK		
Help the Aged		100
Subsidiaries of Age Concern Holdings Ltd		
Age Concern Ltd		100
Age Concern Trading Ltd		100
Age Concern Trust Corporation		100
Age Concern Enterprises Ltd		100
Age Concern Partnership Wales Ltd		100
Age Care and Leisure Services Ltd		100
Help the Aged Trading Ltd		100

Notes to the financial statements

For the year ended 31 March 2017

Subsidiary undertaking	Principal activities	Owernship %
Help the Aged Mail Order Ltd		100
RIA Trading Ltd		100
Age Concern Insurance Services Ltd		100
Age Concern Financial Partnerships Ltd		100
Age Concern Enterprises (Cymru) Ltd		100
Subsidiaries of Age UK Enterprises Ltd		
Age Concern Funeral Services Ltd		100
Subsidiary of intune group Ltd		
intune Services Ltd		100
intune Financial Services Ltd		100
Subsidiary of Help the Aged Mail Order Ltd		100
HtA Solutions Ltd		100
Age UK Holidays		100

All the subsidiary trading companies gift aid their taxable profits to the Charity.

14. Stock

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Finished goods and goods for resale	566	534	-	-
	566	534	-	-

15. Debtors

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Trade debtors	5,134	9,615	793	1,119
Amounts due from group undertakings	-	-	2,500	15,454
Other debtors	829	1,648	858	919
Prepayments and accrued income	13,043	11,639	11,246	9,941
	19,006	22,902	15,398	27,433

16. Creditors: amounts falling due within one year

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Trade creditors	(7,190)	(4,153)	(5,919)	(1,861)
Amounts due to group undertakings	-	(80)	(9,416)	(17,000)
Tax and social security payable	(870)	(1,559)	(742)	(958)
Short term grants	(1,035)	(550)	(1,035)	(550)
Other creditors	(456)	(728)	(412)	(535)
Finance leases	-	(627)	-	-
Accruals and deferred income	(18,532)	(15,178)	(5,812)	(3,611)
	(28,083)	(22,875)	(23,336)	(24,515)

The movements in deferred income are analysed as follows

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Deferred income at 1 April	(6,298)	(3,344)	(44)	-
Amounts released from previous years	6,298	3,344	44	-
Incoming resources deferred in the year	(7,549)	(6,298)	(3)	(44)
Deferred income at 31 March	(7,549)	(6,298)	(3)	(44)

Deferred income as at 31 March 2017 is mainly made up of the following items: Advanced Commission £4,000,000 (2016: £4,000,000), sale of lottery tickets for future draws £1,114,722 (2016: £1,129,211), the deferral of sales target commission paid in advance £1,112,500 (2016: £0) and commission on insurance sales that has been paid in advance £1,047,104 (2016: £0).

17. Creditors: amounts falling due after one year

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Long term grants	-	-	-	-
Other creditors after one year	(8)	(8)	(8)	(8)
Finance leases	-	(1,156)	-	-
Rent free period after one year	(1,364)	(1,693)	(1,364)	(1,693)
Deferred income after one year	-	(167)	-	-
	(1,372)	(3,024)	(1,372)	(1,701)

Notes to the financial statements

For the year ended 31 March 2017

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Creditors due after one year:				
1-2 years	(329)	(496)	(329)	(329)
2-5 years	(295)	(2,053)	(295)	(897)
Over 5 years	(748)	(475)	(748)	(475)
	(1,372)	(3,024)	(1,372)	(1,701)

No Finance lease obligations existed at the balance sheet date, having been part of the Aid-Call business disposal in the year. (As at March 2016: finance leases due within one year amounted to £626,885 and those due within 1-2 years were £1,059,572).

18. Provisions for liabilities and charges

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Provisions at 1 April	(12,017)	(9,194)	(5,875)	(7,301)
Utilised in the year	5,623	7,581	1,021	6,815
Charged to statement of financial activities	(2,011)	(10,404)	(1,206)	(5,389)
Provisions at 31 March	(8,405)	(12,017)	(6,060)	(5,875)

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Provisions due within one year	(3,918)	(7,272)	(1,573)	(1,130)
Provisions due more than one year	(4,487)	(4,745)	(4,487)	(4,745)
	(8,405)	(12,017)	(6,060)	(5,875)

The provision for liabilities and charges as at 31 March 2017 is made up of the following:

- The provision for liabilities and charges as at 31 March 2017 is made up of the following to cover Age UK's commitment to provide for beneficiaries who have donated real estate to the Charity – £4,367,141 (2016: £4,625,177). This is a long term provision updated each year end.
- Insurance policy cancellations and lapses £687,887 (2016: £1,126,256). This expense will be incurred in FY17/18.
- Retail gift aid provision £8,725 (2016: £6,495). Expense to be incurred in FY17/18.
- Legacy provision £118,429 (2016: £102,802) against legacies deemed doubtful. Expense to be incurred in FY17/18.
- Group restructuring costs £1,161,670 (2016: £1,831,947). Expense to be incurred in FY17/18.
- Holiday pay provision £946,348 (2016: £932,116).
- Provision for discontinued activities £175,297 (2016: £3,017,600). Expense will be incurred in full in FY17/18.
- Provision for ongoing separation costs £340,494 (2016 £0). Expense will be incurred in full in FY17/18.
- Partner loans £120,000 (2016: £120,000). This is a long term provision with cost to be incurred in April 2018.
- Property maintenance and repairs where there is a current obligation £187,120 (2016: £254,433). Expense to be incurred in FY17/18.
- Redundancy and stock provisions for the Retail estate £87,633 (2016: £0). This expense will be incurred in FY17/18.

Notes to the financial statements

For the year ended 31 March 2017

19. Movement in funds

The Group	31 March 2016	Income resources	Outgoing resources	Unrealised gains and losses	Transfers	31 March 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Endowed funds						
Charity of C E Saunders	900	-	-	123	-	1,023
Gillingham	990	-	-	136	-	1,126
Miss E Lipson Trust	162	-	-	22	-	184
ACE Legacy endowment fund	50	-	-	-	-	50
Total endowed funds	2,102	-	-	281	-	2,383
Restricted funds United Kingdom						
Information and Advice	291	1,157	(1,108)	-	30	370
Health and Care	(181)	449	(271)	-	3	-
Wellbeing	619	3,063	(3,708)	-	51	25
Supporting the network	559	2,526	(184)	-	2	2,903
Campaigning and research	37	648	(878)	-	193	-
Total United Kingdom	1,325	7,843	(6,149)	-	279	3,298
International						
Development	108	9,791	(9,722)	-	(2)	175
Emergency relief	388	1,171	(1,558)	-	2	3
Other international projects	-	348	(348)	-	-	-
Total international	496	11,310	(11,628)	-	-	178
Total restricted funds	1,821	19,153	(17,777)	-	279	3,476
Total restricted and endowed funds	3,923	19,153	(17,777)	281	279	5,859
Unrestricted funds						
Fixed asset funds	11,945	-	-	-	(2,457)	9,488
Gains on investment assets	(7)	-	-	3,717	-	3,710
Property revaluation reserve	10,947	-	-	-	-	10,947
General funds	29,646	74,467	(71,799)	9,707	(1,213)	40,808
Non-charitable trading funds	1,230	67,547	(66,942)	-	-	1,835
Unrestricted funds excluding pension reserve	53,761	142,014	(138,741)	13,424	(3,670)	66,788
Pension reserve	(15,711)	-	(1,031)	(9,707)	3,391	(23,058)
Total funds	41,973	161,167	(157,549)	3,998	-	49,589

Age UK the Charity	31 March 2016	Income resources	Outgoing resources	Unrealised gains and losses	Transfers	31 March 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Endowed funds						
Charity of C E Saunders	900	-	-	123	-	1,023
Gillingham	990	-	-	136	-	1,126
Miss E Lipson Trust	162	-	-	22	-	184
ACE Legacy endowment fund	50	-	-	-	-	50
Total endowed funds	2,102	-	-	281	-	2,383
Restricted funds United Kingdom						
Information and Advice	291	1,157	(1,108)	-	30	370
Health and Care	(181)	300	(113)	-	3	9
Wellbeing	619	3,197	(3,865)	-	51	2
Supporting the network	560	2,540	(184)	-	2	2,918
Campaigning and research	37	648	(878)	-	193	-
Total United Kingdom	1,326	7,842	(6,148)	-	279	3,299
International						
Development	77	2,178	(2,110)	-	-	145
Emergency relief	388	75	(460)	-	-	3
Total international	465	2,253	(2,570)	-	-	148
Total restricted funds	1,791	10,095	(8,718)	-	279	3,447
Total restricted and endowed funds	3,893	10,095	(8,718)	281	279	5,830
Unrestricted funds						
Fixed asset funds	11,945	-	-	-	(2,457)	9,488
Gains on investment assets	(7)	-	-	3,717	-	3,710
Property revaluation reserve	12,156	-	-	-	-	12,156
General funds	28,714	66,867	(62,666)	9,626	(1,677)	40,864
Unrestricted funds excluding pension reserve	52,808	66,867	(62,666)	13,343	(4,134)	66,218
Pension reserve	(15,564)	-	(1,022)	(9,626)	3,855	(22,357)
Total funds	41,137	76,962	(72,406)	3,998	-	49,691

Notes to the financial statements

For the year ended 31 March 2017

Help Age International UK	31 March 2016	Income resources	Outgoing resources	Unrealised gains and losses	Transfers	31 March 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Total endowed funds	-	-	-	-	-	-
International						
Development	31	9,539	(9,537)	-	(2)	31
Emergency relief	-	1,545	(1,547)	-	2	-
Other international projects	-	348	(348)	-	-	-
Total international	31	11,432	(11,432)	-	-	31
Total restricted funds	31	11,432	(11,432)	-	-	31
Total restricted and endowed funds	31	11,432	(11,432)	-	-	31
Unrestricted funds						
General funds	-	5,228	(5,228)	-	-	-
Unrestricted funds	-	5,228	(5,228)	-	-	-
Total funds	31	16,660	(16,660)	-	-	31

20. Analysis of group and charity net assets between funds

The Group	Unrestricted	Restricted and endowed	2017 Total	2016 Total
	£'000	£'000	£'000	£'000
Fixed assets				
Tangible fixed assets	27,209	-	27,209	31,753
Investments	55,137	2,353	57,490	32,360
Current assets				
Stock	566	-	566	534
Debtors	19,006	-	19,006	22,902
Cash at bank and in hand	2,730	3,506	6,236	8,051
Liabilities				
Current liabilities	(28,083)	-	(28,083)	(22,875)
Long-term liabilities	(1,372)	-	(1,372)	(3,024)
Provisions for liabilities and charges	(8,405)	-	(8,405)	(12,017)
Defined-benefit pension scheme liability	(23,058)	-	(23,058)	(15,711)
	43,730	5,859	49,589	41,973

The Charity	Unrestricted	Restricted and endowed	2017 Total	2016 Total
	£'000	£'000	£'000	£'000
Fixed Assets				
Tangible fixed assets	26,528	-	26,528	28,040
Investments	54,957	2,533	57,490	32,360
Current assets				
Stock	-	-	-	-
Debtors	15,398	-	15,398	27,433
Cash at bank and in hand	103	3,297	3,400	959
Liabilities				
Current liabilities	(23,336)	-	(23,336)	(24,515)
Long-term liabilities	(1,372)	-	(1,372)	(1,701)
Provisions for liabilities and charges	(6,061)	-	(6,061)	(5,875)
Defined-benefit pension scheme liability	(22,357)	-	(22,357)	(15,564)
	43,860	5,830	49,690	41,137

Notes to the financial statements

For the year ended 31 March 2017

21. Pension schemes

Cost to the Group	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Defined-benefit schemes				
Age Concern section	469	475	460	465
Help the Aged section	562	525	562	525
Total defined-benefit schemes costs	1,031	1,000	1,022	990
Defined-contribution scheme				
Age UK Pension Plan	2,561	3,047	599	571
Pensions cost	3,592	4,047	1,621	1,561

During the year Age UK Group operated two pension schemes; one defined contribution scheme and one defined benefit scheme, both of which are multi-employer schemes.

Apart from the two schemes operated by Age UK, Age UK also hold an interest in The Pension Trust's Growth Plan. The Plan was used for members wishing to pay Additional Voluntary contributions (AVCs) under the old Help the Aged defined benefit scheme. The scheme is in deficit and should Age UK withdraw from the scheme, Age UK would be required to pay its share of the deficit. At end of September 2014 Age UK's debt on withdrawal was £467,307. A recovery plan has been agreed to eliminate the deficit requiring employers to pay contributions with effect from 1 April 2013. The original recovery plan was to run for ten years but this has been extended until 31 August 2025. The deficit contributions payable will increase by 3 per cent each year in April. For the year ending 31 March 2018 Age UK is expected to pay contributions of £30,615.

The defined contribution scheme

The Age UK Pension Plan is a Group Personal Pension and the amounts charged to the SOFA for the defined contribution scheme are the contributions paid in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. As at 31 March 2017 included in liabilities due within one year there was an amount of £338,550 (2016: £371,440) due for employer and employee pension contributions, these were paid across to the pension scheme in April 2017. Age UK's original staging date for auto enrolment was 1 September 2013 and in line with legal requirements a re-enrolment exercise was undertaken on 1 September 2016. Employees are auto enrolled with an employee contribution of 1 per cent with Age UK paying 4 per cent as an employer contribution. Members have the flexibility to choose a higher level and the employer contribution rate is 8 per cent for employees making contribution of 3 per cent, and 9 per cent for those employees paying 4 per cent or more.

The defined benefit scheme

In October 2012 the two defined-benefit schemes, which were legacy schemes from Age Concern England and Help the Aged, were merged on a sectionalised basis under the Age UK Retirement Benefit Scheme. Both schemes being multi employer schemes and both closed to new entrants and future accruals. The two sections in the scheme are the Age Concern section (AC) and the Help the Aged (HtA) section.

For the year ending 31 March 2018 Age UK expects to pay contributions of £3.45 million, with £1.75 million in relation to the Age Concern section and £1.7 million in relation to the Help the Aged section. These contributions include an allowance for administration expenses and Pension Protection Fund levies. The most recent full actuarial valuation for the Age UK Retirement Benefits Scheme took place on 1 April 2016.

As required by FRS 102 the defined benefit liabilities have been measured using the projected unit method. The tables below state the FRS 102 actuarial assumptions upon which the valuation of the scheme was based. The overall expected return on assets is calculated as the weighted average of the expected returns on each individual class of asset. The expected return on equities is the sum of inflation, the dividend yield and real economic growth. The return on gilts and bonds is the current market yield on long-term gilts and bonds.

Principal financial assumptions at the balance sheet date	2017 AC %	2017 HtA %	2016 AC %	2016 HtA %
Inflation assumption (RPI)	3.30	3.30	3.00	3.00
Inflation assumption (CPI)	2.30	2.30	2.00	2.00
Rate of increase in salaries	N/A	3.30	N/A	3.00
Pension increases:				
Rate of increase in payment of pre 2006 pensions	3.30	2.30	3.00	2.00
Rate of increase in payment of post 2006 pensions	2.50	2.30	2.50	2.00
Discount rate	2.50	2.50	3.40	3.40

Principal demographic assumptions at the balance sheet date	2017 AC Years	2017 HtA Years	2016 AC Years	2016 HtA Years
Assumed life expectancies on retirement at age 65				
Retiring today – males	86.9	86.9	86.9	86.9
Retiring today – females	88.7	88.7	88.9	88.9
Retiring in 20 years – males	88.0	88.0	88.2	88.2
Retiring in 20 years – females	90.0	90.0	90.4	90.4

Allowance has been made for all members to exchange 80 per cent of the maximum cash allowance available upon retirement. The mortality assumptions are: S2P base tables projected by year of birth assuming future improvements in line with CMI 2016 core projections with a long-term rate of improvement of 1 per cent per annum.

Notes to the financial statements

For the year ended 31 March 2017

Major categories of plan assets	2017 AC £'000	2017 HtA £'000	2017 Total £'000	%	2016 AC £'000	2016 HtA £'000	2016 Total £'000	%
The Group								
Equities	14,244	14,183	28,427	23.4	10,149	11,035	21,184	20.6
Diversified growth	12,263	15,915	28,178	23.2	10,541	14,419	24,960	24.3
Property	4,298	-	4,298	3.5	3,936	-	3,936	3.8
Gilts and bonds	30,668	28,244	58,912	48.5	25,218	25,045	50,263	48.9
Cash	809	918	1,727	1.4	494	2,024	2,518	2.4
	62,282	59,260	121,542	100	50,338	52,523	102,861	100
The Charity								
Equities	13,238	14,183	27,421	23.4	9,941	11,035	20,976	20.6
Diversified growth	11,397	15,915	27,312	23.3	10,325	14,419	24,744	24.3
Property	3,994	-	3,994	3.4	3,855	-	3,855	3.8
Gilts and bonds	28,502	28,244	56,746	48.4	24,701	25,045	49,746	48.9
Cash	752	918	1,670	1.4	484	2,024	2,508	2.5
	57,883	59,260	117,143	100	49,306	52,523	101,829	100

None of the scheme's assets are invested in any property or other assets currently used by the Group.

Reconciliation of funded status to balance sheet	2017 AC £'000	2017 HtA £'000	2017 Total £'000	2016 AC £'000	2016 HtA £'000	2016 Total £'000
The Group						
Fair value of assets	62,282	59,260	121,542	50,338	52,523	102,861
Present value of funded defined benefit obligations	(71,996)	(72,604)	(144,600)	(57,538)	(61,034)	(118,572)
Funded status	(9,714)	(13,344)	(23,058)	(7,200)	(8,511)	(15,711)
Liability recognised on the balance sheet	(9,714)	(13,344)	(23,058)	(7,200)	(8,511)	(15,711)
The Charity						
Fair value of assets	57,883	59,260	117,143	49,306	52,523	101,829
Present value of funded defined benefit obligations	(66,896)	(72,604)	(139,500)	(56,359)	(61,034)	(117,393)
Funded status	(9,013)	(13,344)	(22,357)	(7,053)	(8,511)	(15,564)
Liability recognised on the balance sheet	(9,013)	(13,344)	(22,357)	(7,053)	(8,511)	(15,564)

Amounts recognised in the income statement	2017 AC £'000	2017 HtA £'000	2017 Total £'000	2016 AC £'000	2016 HtA £'000	2016 Total £'000
The Group						
Operating cost						
Administration expenses	259	304	563	163	201	364
Interest on net defined liability	210	258	468	312	324	636
Pension expense recognised in profit and loss	469	562	1,031	475	525	1,000
The Charity						
Operating cost						
Administration expenses	254	304	558	160	201	361
Interest on net defined liability	206	258	464	305	324	629
Pension expense recognised in profit and loss	460	562	1,022	465	525	990

Amounts recognised in other comprehensive income	2017 AC £'000	2017 HtA £'000	2017 Total £'000	2016 AC £'000	2016 HtA £'000	2016 Total £'000
The Group						
Asset gains / (losses) arising during the year	6,992	6,813	13,805	(1,609)	(1,870)	(3,479)
Liability (losses) / gains arising during the year	(10,607)	(12,905)	(23,512)	2,943	2,682	5,625
Pension expense recognised in profit and loss	(3,615)	(6,092)	(9,707)	1,334	812	2,146
The Charity						
Asset gains / (losses) arising during the year	6,758	6,813	13,571	(1,606)	(1,870)	(3,476)
Liability (losses) / gains arising during the year	(10,292)	(12,905)	(23,197)	2,883	2,682	5,565
Pension expense recognised in profit and loss	(3,534)	(6,092)	(9,626)	1,277	812	2,089

Notes to the financial statements

For the year ended 31 March 2017

Change in the fair value of scheme assets	2017 AC	2017 HtA	2017 Total	2016 AC	2016 HtA	2016 Total
	£'000	£'000	£'000	£'000	£'000	£'000
The Group						
Opening fair value of scheme assets	50,338	52,523	102,861	50,036	52,536	102,572
Assets acquired in a business combination	3,109	-	3,109	-	-	-
Interest income on scheme assets	1,718	1,760	3,478	1,658	1,739	3,397
Gains / (losses) on scheme assets	6,992	6,813	13,805	(1,609)	(1,870)	(3,479)
Employer contributions	2,075	1,821	3,896	2,800	2,070	4,870
Net benefits paid	(1,691)	(3,353)	(5,044)	(2,384)	(1,751)	(4,135)
Administration costs incurred	(259)	(304)	(563)	(163)	(201)	(364)
Closing fair value of scheme assets	62,282	59,260	121,542	50,338	52,523	102,861

The Charity						
Opening fair value of scheme assets	2017 AC	2017 HtA	2017 Total	2016 AC	2016 HtA	2016 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening fair value of scheme assets	49,306	52,523	101,829	49,011	52,536	101,547
Assets acquired in a business combination	-	-	-	-	-	-
Interest income on scheme assets	1,683	1,760	3,443	1,625	1,739	3,364
Gains / (losses) on scheme assets	6,758	6,813	13,571	(1,606)	(1,870)	(3,476)
Employer contributions	2,046	1,821	3,867	2,771	2,070	4,841
Net benefits paid	(1,656)	(3,353)	(5,009)	(2,335)	(1,751)	(4,086)
Administration costs incurred	(254)	(304)	(558)	(160)	(201)	(361)
Closing fair value of scheme assets	57,883	59,260	117,143	49,306	52,523	101,829

Actual return on scheme assets	2017 AC	2017 HtA	2017 Total	2016 AC	2016 HtA	2016 Total
	£'000	£'000	£'000	£'000	£'000	£'000
The Group						
Interest income on scheme assets	1,733	1,760	3,493	1,658	1,739	3,397
Gains / (losses) on scheme assets	6,980	6,813	13,793	(1,609)	(1,870)	(3,479)
Actual return on scheme assets	8,713	8,573	17,286	49	(131)	(82)

The Charity						
Actual return on scheme assets	2017 AC	2017 HtA	2017 Total	2016 AC	2016 HtA	2016 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest income on scheme assets	1,683	1,760	3,443	1,625	1,739	3,364
Gains / (losses) on scheme assets	6,758	6,813	13,571	(1,606)	(1,870)	(3,476)
Actual return on scheme assets	8,441	8,573	17,014	19	(131)	(112)

Change in the present value of the defined benefit obligation	2017 AC	2017 HtA	2017 Total	2016 AC	2016 HtA	2016 Total
	£'000	£'000	£'000	£'000	£'000	£'000
The Group						
Opening defined benefit obligation	57,538	61,034	118,572	60,895	63,404	124,299
Liabilities assumed in a business combination	3,585	-	3,585	-	-	-
Interest expense on defined benefit obligation	1,957	2,018	3,975	1,970	2,063	4,033
Actuarial losses / (gains) arising on scheme liabilities	10,607	12,905	23,512	(2,943)	(2,682)	(5,625)
Net benefits paid	(1,691)	(3,353)	(5,044)	(2,384)	(1,751)	(4,135)
Closing defined benefit obligation	71,996	72,604	144,600	57,538	61,034	118,572

The Charity						
Opening defined benefit obligation	2017 AC	2017 HtA	2017 Total	2016 AC	2016 HtA	2016 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening defined benefit obligation	56,359	61,034	117,393	59,647	63,404	123,051
Liabilities assumed in a business combination	-	-	-	-	-	-
Interest expense on defined benefit obligation	1,901	2,018	3,919	1,930	2,063	3,993
Actuarial losses / (gains) arising on scheme liabilities	10,292	12,905	23,197	(2,883)	(2,682)	(5,565)
Net benefits paid	(1,656)	(3,353)	(5,009)	(2,335)	(1,751)	(4,086)
Closing defined benefit obligation	66,896	72,604	139,500	56,359	61,034	117,393

22. Taxation and charitable status

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

23. Company limited by guarantee

The liability of the members of the Charity is limited by guarantee to £1 each.

Notes to the financial statements

For the year ended 31 March 2017

24. Operating lease commitments

The Group had annual commitments at the year end under operating leases expiring as follows:

	2017 £'000	2016 £'000
Within one year	7,472	7,392
Within one to five years	16,259	14,117
After five years	1,657	1,906
	25,388	23,415

25. Contingent liabilities and capital commitments

There were no contingent liabilities and no capital commitments as at 31 March 2017 and at 31 March 2016.

26. Holding company

The ultimate controlling party of Age UK is the Board of Trustees collectively. Details of Age UK Trustees are disclosed on page 80.

27. Related party transactions

There were no transactions during the year that come within the FRS 102 definition of 'related party transactions'.

28. Post balance sheet events

There were no post balance sheet events at 31 March 2017.

29. Subsidiary undertakings

During the year the Age UK Group carried out activities through the following wholly owned trading subsidiaries. These entities' principal activities are detailed below:

- Age UK Enterprises Limited: Provides insurance services and other products for older people.
- Aid-Call Limited provided personal alarm systems for elderly people at risk. This business was sold on 1 November 2016.
- Age UK Trading CIC: Provides Age UK with staffing and management for Age UK's charity shops and the sale of bought in goods.
- intune Group Limited: Arranges financial services of particular relevance to older people.
- HelpAge International UK: Raises funds and carries out Age UK's international charitable work.
- Age UK Suffolk, a regional charity registered in England and Wales providing support for the elderly in East Anglia, became part of the Age UK Group in February 2017.

Profit and loss account	Age UK Trading CIC £'000	Age UK Enterprises Limited £'000	Help Age International UK £'000	Aid-Call Limited (to disposal date) £'000	Age UK Suffolk (since acquisition) £'000	Total 2017 £'000	Total 2016 £'000
Turnover	49,372	40,941	16,660	5,482	462	112,917	134,511
Gain on disposal (AidCall)	13,688					13,688	-
Expenditure	(45,718)	(34,886)	(16,660)	(4,150)	(649)	(102,063)	(123,734)
Profit / (loss) for the year	17,342	6,055	-	1,332	(187)	24,542	10,777
Gift aid to parent under written resolution	(17,602)	(6,106)	-	(1,332)	-	(25,040)	(10,862)
Result for the year transferred to reserves	(260)	(51)	-	-	(187)	(498)	(85)

Balance sheet	Age UK Trading CIC £'000	Age UK Enterprises Limited £'000	Help Age International UK £'000	Aid-Call Limited (to disposal date) £'000	Others including Age UK Suffolk £'000	Total 2017 £'000	Total 2016 £'000
Total fixed assets	547	547	-		260	1,355	4,922
Current assets	5,416	13,794	422		344	19,976	34,874
Total liabilities	(5,953)	(13,569)	(391)		(883)	(20,796)	(37,749)
Net assets	11	772	31		(278)	535	2,047

Notes to the financial statements

For the year ended 31 March 2017

30. Other recognised gains and losses

(a) Gain on sale of subsidiary

The Group's subsidiary AidCall Limited was sold as a going concern to the AXA PPP group of companies on 1 November 2016. Proceeds from the sale amounted to £18,723,437 with the gain on disposal calculated as £13,758,302 as follows:

The consolidated statement of financial activities on page 40 includes profits of £1,331,000 relating to Aid-Call Limited up to the date of its disposal.

	£'000	£'000
Proceeds		18,723
Aid-Call Limited net assets divested		
Fixed Assets (see Note 12)	2,032	
Net Current assets	11	
Long term liabilities	(1,448)	(595)
Other fixed assets transferred with the sale (property)		(1,263)
Costs incurred to enable the sale		(3,107)
Gain on sale of subsidiary		13,758

(b) Goodwill written off on acquisition of subsidiary

The company took control of the registered charity Age UK Suffolk on 10 February 2017. The charity serves the needs of the elderly and their carers, predominantly in the county of Suffolk. At the date control was taken a provision of £179,000 was made for a property lease. This contributed to the net liabilities recognised in the charity's balance sheet at the date of control, which in turn created goodwill of £292,000 in the group balance sheet. This goodwill was written off immediately at the date of control.

	£'000	£'000
Consideration		-
Net liabilities acquired		
Fixed assets	174	
Net current assets / (liabilities)	10	
Long term liability (pension deficit)	(476)	(292)
Goodwill on consolidation – written off		(292)

The consolidated statement of financial activities on page 40 includes revenues of £457,000 and a net deficit of £187,000 incurred by Age UK Suffolk since the date of control.

(c) Acquisition of subsidiary

The Group acquired the shares of Age Cymru Retail Limited on 31 January 2017. The company engages in the sale of second hand goods through a small number of retail premises in Wales. The net assets at that date and the subsidiary's contributions to the group's revenues and net income since acquisition are immaterial.

31. Grants receivable

Under the terms of the grant agreement or contract, the following grants received in the year ended 31 March 2017 are disclosed individually. Please see page 82 for more information on additional funders.

Funder	Programme	Project	£
Big Lottery Fund	Basic Online Skills	One Digital	£235,893
Big Lottery Fund	Accelerating Ideas	Integrated Care	£292,033
Department of Health	Health and Care Voluntary Sector Strategic Partner Programme	Strategic Partnership	£148,490

Legal and administrative details

Royal Patron

His Royal Highness the Prince of Wales

Trustees	ARC	RNC	SFC	CC	EARC
Anna Bradley (from February 2017)					
Dianne Jeffrey CBE DL (Chair)					
Jeremy Greenhalgh (Deputy) (to February 2017)					
Lawrence Churchill CBE (to May 2017)					
Mike Dixon (from October 2017)					
Dr Bernadette Fuge OBE					
Timothy Hammond (to February 2017)					
Chris Hughes					
David Hunter					
Mark Lunney (from November 2016)					
Sir Brian Pomeroy (from February 2017)					
Suzanna Taverne (from February 2017)					
Dr Christina Townsend JP (to May 2017)					
Simon Waugh (to December 2016)					
Nick Wilkinson					
Independent Committee Members	ARC	RNC	SFC	CC	EARC
Hitesh Tailor					
Lawrence Churchill (May – July 2017)					
Mike Dixon (from February 2017)					
Stuart Purdy					
André Oszmann					

ARC – denotes that the Trustee or Independent Committee Member was a member of the Audit and Risk Committee

RNC – denotes that the Trustee or Independent Committee Member was a member of the Remunerations and Nominations Committee

SFC – denotes that the Trustee or Independent Committee Member was a member of the Strategic Finance Committee

CC – denotes that the Trustee or Independent Committee Member was a member of the Customer Committee

EARC – denotes that the Trustee or Independent Committee Member was a member of the Enterprises Audit and Risk Committee

Executive Directors

- **Tom Wright CBE**, Group Chief Executive (until 01/09/17)
- **Caroline Abrahams**, Charity Director
- **Rajeev Arya**, Chief Financial Officer
- **Caroline Bendelow**, People and Performance Director (until 31/10/16)
- **Laurie Boulton**, Fundraising Director (from 01/04/17)
- **Pam Creaven**, Services Director
- **Ian Foy**, Managing Director of Age UK Trading CIC
- **Stephanie Harland**, Interim Group Chief Executive (from 01/09/17 – Deputy Group Chief Executive from 01/06/16 – Group Affairs Director prior to 01/06/16).
- **Esther Jackson**, Group Marketing and Fundraising Director (until 31/03/17)
- **Chris Roles**, Managing Director of Age International

Professional Advisers

Bankers

National Westminster Bank plc, 135 Bishopsgate, London EC2M 3UR

Internal auditors

Grant Thornton UK LLP, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP

External auditors

KPMG LLP, 15 Canada Square, London E14 5GL

Solicitors

Farrer & Co LLP, 66 Lincoln's Inn Fields, London WC2A 3LH

Investment managers

Sarasin & Partners LLP, Juxton House, 100 St Paul's Churchyard, London EC4M 8BU

Age UK registered office

Tavis House, 1-6 Tavistock Square, London WC1H 9NA



Thank you

We'd like to thank all our donors, campaigners, customers and supporters for their valued contributions, as well as our staff, volunteers and local, national and international partners. Special thanks also go to the following businesses, public bodies, trusts and foundations for their generous support.

Ageas UK	E.ON
Allen & Overy	European Commission
Apetito	Evan Cornish Foundation
Aviva	Eveson Charitable Trust
The Balcombe Charitable Trust	The Exilarch's Foundation
Barclays UK	Fidelity UK Foundation
Beatrice Laing Foundation	First Utility
Big Lottery Fund	The Foster Wood Foundation
Bloomberg	Garfield Weston Foundation
British Gas	GSK
British Gas Energy Trust	HSBC
Bupa	innocent
The Cecil and Hilda Lewis Charitable Trust	J.P. Morgan
Centre for Accelerating Social Technology	Kennedys
Common Humanitarian Fund (CHF)	Leeds Building Society
Darfur Community Peace & Stability Fund	Legal & General
Department for Business, Innovation and Skills	Lloyds Bank Foundation for England & Wales
Department for International Development (DFID) – UK AID	Lloyds Banking Group
Department of Health	LV=
D G Charitable Settlement	Manning Gottlieb OMD
Dignity Prearrangement Ltd	Metropolitan Housing Association
Disasters Emergency Committee (DEC)	Milton Damerel Trust
Donald Forrester Trust	Mother London
Edith Murphy Foundation	Nationwide Building Society

NHS England	William Hill
npower	Will Charitable Trust
Nuffield Health	Williams Lea
Park House Charitable Trust	Wiltshire Farm Foods
The Peacock Charitable Trust	Zurich Community Trust
Prudential Plc	
Prudential UK & Europe	
RBS	
ReAssure	
Rothesay Life	
Santander UK	
The Schroder Foundation	
SC Johnson	
Scottish and Southern Energy Power Distribution	
Sport England	
Stavros Niarchos Foundation	
UK Mail	
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