

Report of Trustees and Annual Accounts 2015/16



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 seven million people every year, providing support, companionship and advice for 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 Cymru, Age NI and Age Scotland; local Age UKs in England; and hundreds of smaller organisations called Age UK Friends and Forums.

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.

Contents

Overview	
2	Our strategy
4	Message from our Chairman
6	Message from our Chief Executive
Trustees' Report	
8	How we raised our money
10	How we spent our money
12	Our progress
19	Our people
20	Our plans
22	Strategic report
29	Corporate governance
Independent Auditor's report	
34	Auditors report to the members of Age UK
Financial Statements	
35	Group statement of financial activities
36	Balance sheet
37	Group cash flow statement
38	Notes to the accounts
70 Legal and administrative details	
72 Thank you	

Our strategy



We work in the UK

Our work is driven by what older people tell us matter to them, and we work day-in day-out to help more older people love later life.

Our ambitions

Our ambitions set out what all our work aims to achieve, the outcomes we would like to see for all older people

Everyone in later life:

- Can have enough money
- Can enjoy life and feel well
- Can receive high quality health and care
- Can be comfortable, safe and secure at home
- Can feel valued and able to participate

Our activities

Our activities are the things we do day-in day-out to help older people love later life

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

Our 2016-21 priorities

Our priorities for the next five years are focused on making the UK a great place to grow older

- Person-centred care: We will put older people at the heart of joined up health and care
- Loneliness: We will prevent and tackle loneliness
- First port of call: We will be the go-to place for all things ageing

Our enablers

Our enablers help us to achieve our priorities

- Network sustainability
- Digital transformation
- Volunteering

We work internationally

Age International, Age UK's international charity, has ambitions, activities and priorities that reflect the needs and aspirations of older people in developing countries.

Our ambitions

Everyone in later life:

- Gets the help and information they want in emergencies
- Has the income they need and enjoys the best possible health and care
- Has their voice heard by decision-makers
- Is safe and secure, free from all forms of discrimination, violence and abuse

Our activities

- We provide emergency relief
- We deliver long-term development programmes
- We advocate and influence
- We research and evaluate
- We support the HelpAge global network

Our priorities

- Responding to emergencies
- Reducing poverty
- Improving health
- Protecting and promoting rights



Message from our Chairman

Despite the challenges that this year has brought, Age UK's vital charitable work has continued to help millions of older people. I am proud of our achievements this year, which you can read about in this report.

There are many highlights. In the UK, our information and advice reached 5.9 million people; we identified £219 million in unclaimed benefits; we expanded our Person-Centered Integrated Care Programme to help more older people with multiple long-term health conditions live healthier and happier lives; and, on a matter particularly close to my heart, we supported NHS England to develop and implement new guidance to tackle preventable malnutrition in hospitals and care homes.

The most public of this year's successes was our 'No one should have no one at Christmas' awareness-raising initiative and partnership with John Lewis on their 'Man on the moon' campaign. The campaigns exposed the deeply troubling issue of loneliness and isolation amongst older people to millions of people in a way that touched many. It encouraged people to volunteer, to donate and to look out for older people in their communities, and we were delighted that 57,000 people signed our petition that called on the Government to take action.

Our international charity, Age International, began the year by responding to the terrible earthquake in Nepal, as a member of the Disasters Emergency Committee (DEC). As part of our response we supplied shelters to over 2,000 older people and provided health services for thousands more. This year I was pleased to visit the Taminda elders' village in India, set up by our partner, HelpAge India. It provides a wonderful home for vulnerable and isolated older people, who have no one to care for them.

This report tells only part of the story of our charitable achievements. The tireless work that takes place up and down the country is delivered in England by local Age UKs and Age UK Friends and Forums, and by our partners in Scotland, Wales and Northern Ireland. I would like to thank our partners for their enthusiasm and commitment to our shared cause.

I noted that this year has not been without its challenges. In fact, it has been a year of reflection for many large charities, driven by a public debate about how we raise our income. It is a debate that is already shaping what it is to be a charity in this country.

The British public's commitment to supporting charities has endured for many years. At Age UK, and across the charitable sector, it is vital that we sustain that commitment because of the ever-increasing demand for our services. Age UK's Trustees take very seriously the trust of everyone who donates to us or who buys products and services from our trading subsidiaries.

During the last year a gap has opened up between what the public considers a suitable way for charities to raise their money and how they do so. In late 2015, the focus of public and press attention was on two things: how charities fundraise and how they use donors' personal information.

Because Age UK's Fundraising Charter was already in place, in which we had laid down conservative principles for our fundraising, we were not one of the charities at the heart of the media coverage. We had decided not to fundraise door-to-door and not to cold call some time ago. We took this decision because we considered it to be in the best interests of our donors, many of whom are older people and can be particularly vulnerable to these methods. Similarly, we designed our telephone fundraising policies to ensure we do not phone people who would prefer us not to.

We have since been called upon by the Fundraising Standards Board and other charities to advise on how fundraising practice across the sector can do more to protect vulnerable people.

The media coverage in February 2016 was different. The activity of one of our trading subsidiaries, Age UK Enterprises, was singled out for criticism, particularly for its energy partnership with E.ON. We were pleased that the energy regulator Ofgem found no case to answer when it looked into the Age UK Energy tariff. We decided to exit from the energy market because a proposed price increase meant that we were no longer able to offer a suitable tariff.

However, underlying this coverage was the same question about how charities raise money: should a charity raise money by trading and, if it does, what should be the principles of that activity? This is an important question not only for Age UK, which has traded for many years, but for the sector as a whole. Many charities have trading subsidiaries or aspire to develop them.

We had already recognised the importance of this question. The Customer Charter we adopted in 2013 began to answer it. In the Customer Charter we set out the principles of our trading activity and commit our trading subsidiaries to providing the high quality service our customers expect: but clearly there is more work for us to do.

The Charity Commission's case report has given us much to think about. As we implement our response to the Commission's comments (which you can read about on page 22) it is clear that we must listen, learn and act to reassure our supporters and beneficiaries alike that their trust in us is fully justified.

The charity debate will continue, as it should, and I hope that in the years to come it will help us to enhance the positive impact we are able to make for the older people Age UK exists to serve.

Dianne Jeffrey CBE DL
Age UK Chairman



Message from our Chief Executive

‘Simplicity’ was the theme of this year, a challenging and important one for Age UK. Simplicity was driven by two initiatives: our focus on three priorities for Age UK’s work across the UK, with the aim of making the UK a great place to grow older by 2021, and the creation of the Age UK Trading Community Interest Company (CIC).

Our first priority is putting older people at the heart of health and social care. It will see us expand the principles and learning from our ever-growing Person-Centred Integrated Care Programme into improving our services and influencing those of others. We want to ensure that every older person can access joined up health and care when they need it.

Loneliness blights our society and affects millions of older people, undermining their health and wellbeing in profound ways. It should be no surprise that this is also one of our priorities. We will continue to find out ‘what works’ when tackling loneliness by testing different kinds of services and will share what we learn, and will expand our Call in Time telephone befriending service in partnership with local Age UKs.

Finally, we want to be even better known as the first port of call on all things ageing. Our free, expert and impartial information and advice is already trusted by millions of older people, their families and friends. We will continue to improve the experience of everyone who contacts us and ensure that they get a consistently high quality and seamless service on the phone, online and in person.

Critical to the success of our three priorities are our three enablers: network sustainability; digital transformation; and volunteering. Given the importance of our network of national and local partners (who are independent charities in their own right), its continued viability is paramount. Since the 2008 financial crisis and all that has followed, our network has stayed strong in the face of economic turbulence and public sector cuts. Tight public sector budgets are the ‘new normal’ so we will continue to help our local partners adapt whilst delivering high quality services.

Digital transformation will see the introduction of new online services for older people, as well as improved efficiency and effectiveness across our network. And we will continue to attract more volunteers and further improve their experience of volunteering with us.

As Dianne notes in her message, our international charity, Age International, continues to go from strength to strength. It has its own priorities: responding to emergencies; reducing poverty; improving health; and protecting and promoting rights. A notable success this year, following many years of influencing by us and by HelpAge, was that older people and ageing were included in 15 of the 17 Sustainable Development Goals adopted by the United Nations.

In June 2015 we created Age UK Trading CIC. In addition to streamlining the governance and management of our trading companies (see page 24), one of our main aims was to ensure greater consistency across all of our trading activities, which will be simpler to achieve through a single organisational structure and leadership.

In addition, we conducted a strategic review of all of our trading activities in order to focus our attention on our core products and services. This review led to the sale of Aid-Call, our personal alarms service, in the autumn of 2016 (see the post balance sheet event on page 67), and the closure of Age UK Training, which was also driven by the withdrawal of its main funders.

Generating income has proven challenging at points this year. Although our net income was stable at £86.4 million (2015: £87 million), the underlying picture is more complex. Fundraising has performed well, while our trading activities and income-generating charitable activities have faced challenges.

Fundraising had a strong year at £47.7 million and we are pleased that we have maintained our fundraising efficiency, spending less than 11 pence to raise every £1. Market conditions in financial services and in the charity retail sector have been difficult, though we saw an improvement in the second half of the year after taking remedial action.

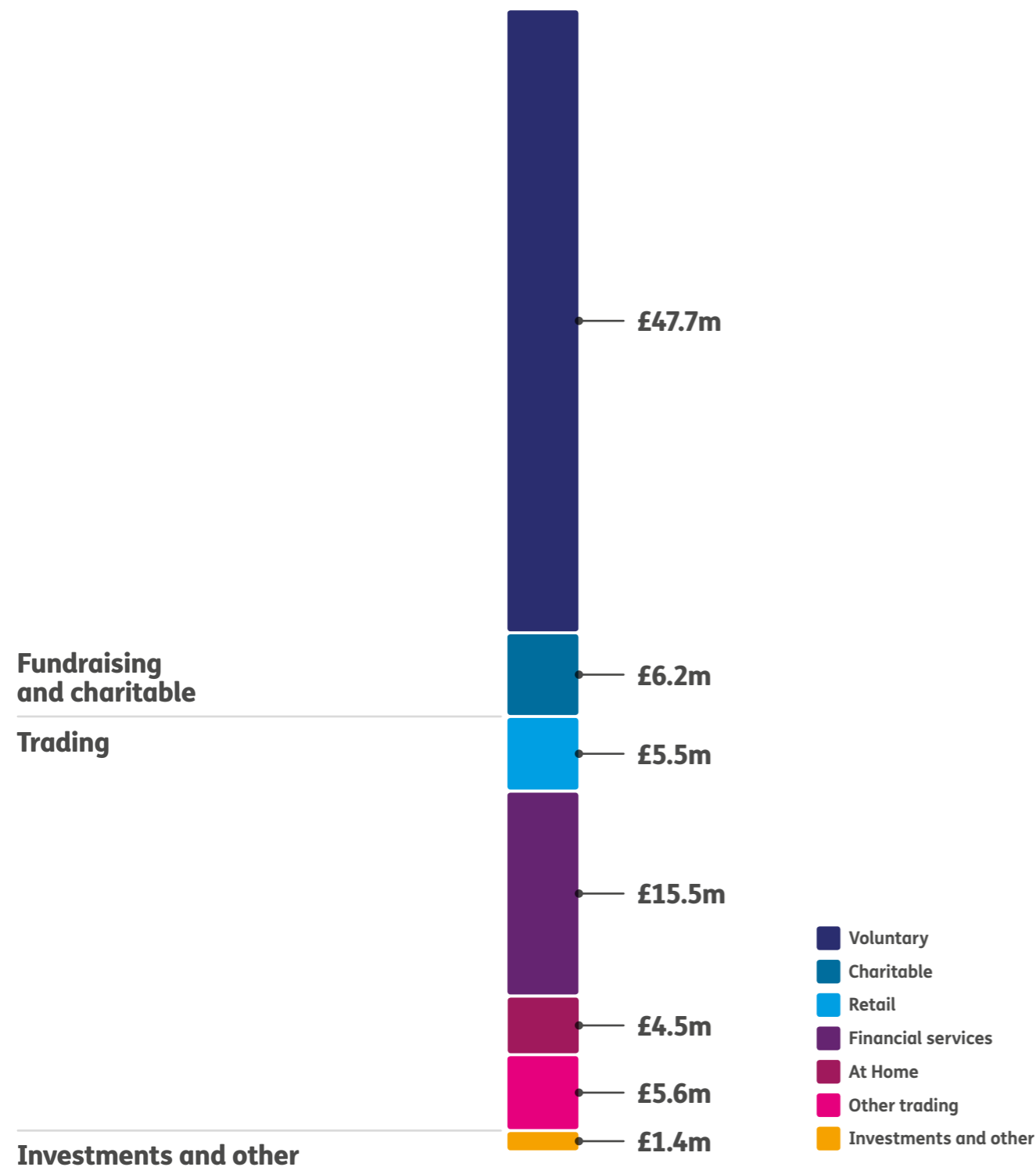
This year has again illustrated the benefits of both fundraising and trading – together they have enabled us to do much more than would have been possible otherwise. This mix of income enabled us to spend £80.8 million on charitable activity, much more than if we had relied upon fundraising alone.

At times it has been a difficult year for our sector and for Age UK, but we have been encouraged by the tremendous commitment shown by our staff, volunteers, national and local partners and our generous supporters. We are all connected by a simple aim – to work hard to enable as many older people as possible to love later life. I am proud of that support and the significant impact Age UK has had on older people’s lives over the last twelve months.

Tom Wright CBE
Group Chief Executive

How we raised our money

£86.4m
Net incoming resources



Fundraising and income from charitable activity

We are grateful to our many generous supporters. Fundraising, through donations, legacies, gifts and other voluntary contributions makes up our largest source of net income at 57 per cent. We also raise money by delivering charitable activities, including our Experts by Experience contract with the Care Quality Commission.

How we fundraise

We fundraise in a way that has older people and our generous donors in mind. We have established principles to ensure that we do not engage in practices that are inconsistent with Age UK's values. The Age UK Fundraising Charter sets out these principles and reassures people about what we will and will not do when fundraising. You can read our Fundraising Charter at www.ageuk.org.uk/fundraisingcharter

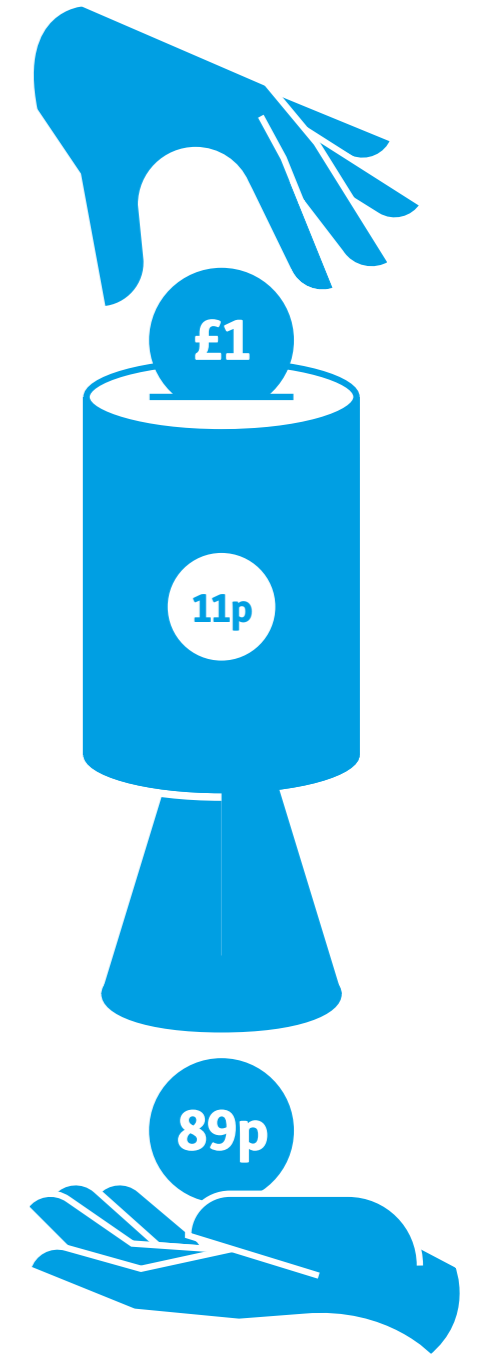
We are a member of the Institute of Fundraising and the Fundraising Standards Board and also feed into their policies around protecting vulnerable people. We also work closely with other charities to help them improve their approach.

Age UK Trading CIC

Age UK Trading CIC, a social enterprise, raises money for Age UK's charitable work by donating the profits it makes from running over 400 charity shops, providing financial services that meet the needs of older people, offering independent living products, such as stair lifts and adjustable beds as part of our At Home range, and by running a lottery and raffle.

How we trade

We work hard to offer good value products and services that offer features that older people tell us are important to them. For example, our products include features such as no hidden fees, low excess payments and no upper age limits. We strive to offer competitive prices that compare well against products with similar features. You can read our Customer Charter at www.ageuk.org.uk/customercharter

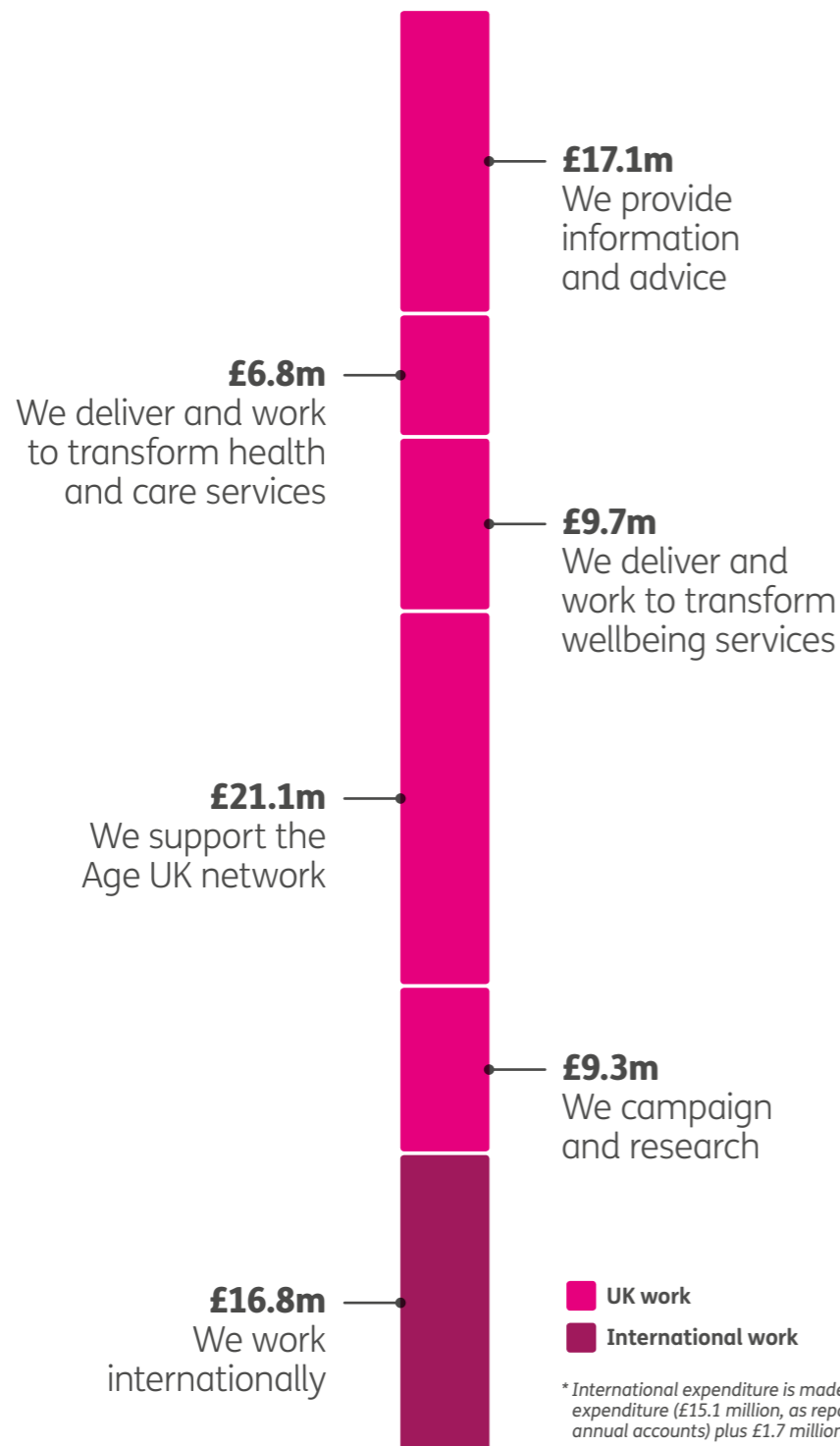


For every £1 donated, we use 11 pence to raise funds for today and tomorrow and 89p is available to help older people (page 23 shows what we do and do not include in this calculation).

How we spent our money

£80.8m

Total charitable expenditure



We provide information and advice

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

5.9m

We reached 5.9 million people with information and advice



We deliver and work to transform wellbeing services

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

10%

As part of a new approach we're testing, we put older people's goals at the centre of the health and care services they received, increasing wellbeing by 10%

Based on early results from 306 people in our pilot sites

We support the Age UK network

We support our national partners and local Age UKs to be well-run and to provide good quality services.

100%

Age UK and every local Age UK has been accredited against our externally assessed Organisational Quality Standards

We deliver and work to transform health and care services

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

5,748

We helped 5,748 older people by funding home energy checks, saving older people an estimated £198,857



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.

35m

We reached over 35 million people through media coverage of our Man on the Moon partnership with John Lewis

We work internationally

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

808,000

We provided services to 808,000 older people and their families in over 30 developing countries



Our progress

Our work has helped millions of older people in the UK and around the world



We provide information and advice

We spent £17.1 million

How we spend our money

We provide information and advice that covers every facet of later life, from helping people find out the benefits they are entitled to claim, to discussing options that help make later life at home more manageable. We do this on the phone through Age UK Advice, online through the Age UK website, through guides and factsheets that are available in our shops, GP surgeries and other places, and face-to-face through local Age UKs, which we partly fund in some cases through restricted grants.

Age UK Advice

Our national telephone advice line, Age UK Advice, is open 365 days a year and in 2015/16 we responded to over 259,000 enquiries. Of the seven million people who visited ageuk.org.uk last year, over four million did so to get information and advice. We made our website easier to use after making changes that responded to visitor feedback. And we distributed over one million information guides to older people through Age UK shops, local Age UKs, hospitals, GP surgeries and in other community settings.

Supporting local Age UKs

Age UK supports local Age UKs to deliver information and advice by providing funding, training, guidance and support. This year we provided £1.8 million for information and advice, delivered by 109 local Age UKs. 65 local Age UKs, up from 58 in 2014/15, have integrated their telephone information and advice service with Age UK Advice. This enabled us to answer 15,000 enquiries from people who were transferred when their local Age UK was closed or busy.

Benefits advice

Age UK, together with our national partners and local Age UKs, helps older people know about and claim the benefits they are entitled to. Supported by Age UK funding, the Age UK network identified £219 million in unclaimed benefits this year. This is 37 per cent above our target and £36 million more than in 2014/15. The increase is thanks to £221,000 of extra funding as part of our Warmer Homes Programme, which pays for local Age UKs to offer benefit advice home visits (see page 15 for further information). The funding meant that the programme could offer home visits to 2,149 more older people than in 2014/15.

Scams

This year we focused more of our attention on scams as we found that over half (53 per cent) of people aged 65+ believe fraudsters have targeted them. We have integrated Age UK Advice with the reporting centre at Action Fraud so that our callers can report scams and get expert advice. In July 2015, we reached over 140,000 people online with advice on scams as part of Scams Awareness Month.

Challenge

We had hoped to introduce a service to help prevent older people being scammed and to support victims but it has taken longer than we expected to find a suitable funding partner. We have done much of the groundwork and have worked with older people and local Age UKs to develop a service that we plan to launch in 2016/17.

£219m

The Age UK network identified £219 million in unclaimed benefits

110

We provided 110 local Age UKs with information and advice training

£1.8m

We provided £1.8 million in restricted funding for information and advice services delivered by local Age UKs

We deliver and work to transform health and care services

We spent £6.8 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 seamless integration between health and care and the full participation of local voluntary sector and community groups. Through restricted grants, some of which other organisations give to us to use locally, we fund local Age UKs to deliver services that respond to local needs. We also deliver Experts by Experience for the Care Quality Commission, helping to bring the insights of people who use services into the regulator’s inspection approach.

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. The programme enables older people to achieve goals that matter to them with the support of a Personal Independence Coordinator and volunteers. Our pilot with Age UK Cornwall and the Isles of Scilly now helps over 1,000 older people. We are supporting over 2,000 older people through eight other pilots in England. This year, Big Lottery funding of £750,000 enabled us to launch new partnerships in: Kent; East Lancashire; Sheffield; Redbridge; Barking and Havering; and Guildford and Waverley.

The programme is having a significant impact on the lives of participants, with early results showing a seven per cent improvement in wellbeing¹. The Nuffield Trust will produce a final review of our Cornwall pilot in spring 2017 and we will use the findings to refine our own model and to influence the development of similar services offered by others across the UK. We have also supported 40 local Age UKs to encourage or become part of similar models in their areas.

Challenge

We have seen mixed levels of engagement by GPs in Person-Centred Integrated Care pilot areas for a whole range of reasons, including time pressures. We have responded to this challenge by encouraging GPs to identify older people suitable for our programme up front by using a tool they already use to assess a person’s risk of hospital admission.

Experts by Experience

Age UK helps to deliver the Experts by Experience service for the Care Quality Commission (CQC). Experts by Experience are people who have used services themselves and take part in the inspection of health and social care services. In 2015/16, Age UK’s Experts took part in 3,382 inspections across England. This year we secured a new contract to deliver Experts by Experience in the Care Quality Commission’s (CQC) new central region in partnership with Choice Support, a charity.

Improving winter hospital discharge

We worked with the British Red Cross and the Royal Voluntary Service on the Emergency Care Improvement Programme with the aim of helping more older people to leave hospital when fit to do so, helping ease the pressure on winter bed shortages in the process. We provided practical support to lead to safer, faster and better care for older people in the 20 hospital trusts with the worst figures for ‘delayed transfers of care’ (where people remain in hospital unnecessarily).

5

We ran 5 dementia pilots to test pre- and post-diagnosis support services

10%

We saw a 10% increase in wellbeing for participants in our Person-Centred Integrated Care pilots

5

We launched 5 new Person-Centred Integrated Care partnerships

¹ Based on early results from 306 people in our pilot sites

We deliver and work to transform wellbeing services

We spent £9.7 million

How we spend our money

Most of our wellbeing work involves support for local Age UKs that deliver local services such as fitness classes, befriending services, and workshops that help older people get online. We fund some local Age UK services through restricted grants. Age UK runs Call in Time, our national telephone befriending service and our Gifted Housing Scheme.

Winter warmth programmes

This year, thanks to £3 million of funding from British Gas Energy Trust, E.ON, ENGIE, First Utility, innocent, SSE Power Distribution and UK Power Networks, Age UK has worked in partnership with over 100 local Age UKs to deliver winter warmth programmes.

The programmes include free home checks provided by local Age UKs. Trained handypersons assess the energy efficiency of older people’s homes and how they are using their energy and heating systems. As part of the check, the handyman might install items such as draught excluders and radiator foils to help older people save money. In 2015/16, Age UK funded 4,594 energy checks, above our target of 4,000, saving older people an estimated £198,857. E.ON and SSE also funded free benefit advice checks (see page 13).

Testing loneliness services

Our Testing Promising Approaches to Reducing Loneliness Programme is working with seven local Age UKs to pilot new kinds of services that tackle loneliness. We are testing different services to find out what works and have learned a lot so far, for example, the crucial role of people like hairdressers and pharmacists when it comes to signposting people to support. We will publish the results of the programme in 2016/17 so others can learn from it too.

Call in Time service

Our telephone befriending service helps tackle loneliness by matching older people who are lonely with a volunteer for weekly friendship calls. This year we grew the service to reach 1,578 older people and plan to reach 10,000 older people a year in five years’ time. The service took referrals from 56 local Age UKs, reducing the pressure on local befriending lists. Call in Time is made possible thanks to the support of Zurich, Prudential and Bloomberg who, as well as providing funding, support their staff to volunteer.

Testing wellbeing services

We designed our Wellbeing Coordinator pilot to see whether an adapted version of our Person-Centred Integrated Care Programme could help older people with moderate care needs. We have worked with four local Age UKs – Coventry, Essex, Herefordshire & Worcestershire and Sheffield – to help 469 older people use local services that help them achieve goals important to them. Most people wanted practical help at home, financial and benefits advice and access to wellbeing services and social activities.

£198,857

We helped 5,748 older people by funding home energy checks, saving older people an estimated £198,857

3,300

We helped over 3,300 older people get fitter through our active ageing programmes

2,000

We supported 2,000 people to get online through our One Digital Programme

We support the Age UK network

We spent £21.1 million

The Age UK network includes Age UK; our national partners Age Cymru and their nine local Age Cymru partners, Age NI and Age Scotland; 154 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 all members of The Age England Association, a body that supports us to work together collectively.

How we spend our money

In addition to providing financial support, we help the network to raise money and improve the effectiveness of their organisations and the services they provide. We help with mergers and collaborations, governance, marketing, fundraising, digital, human resources and more.

As well as work reported in this section, we work with local Age UKs to deliver, test and transform local information and advice, health and care and wellbeing services – see pages 13 to 15.

The £19.8 million in direct financial support we provided to local Age UKs in England and £1.6 million to our national partners includes funding for these activities. £10.5 million of the £19.8 million is earned by local Age UKs for selling Age UK Trading CIC's products and services.

Ensuring successful partnerships

We have worked with the Age UK network to review and renew our partnership agreements for the next five years. As of September 2016, all 154 local Age UKs, 100 Friends, and nine of Age Cymru's local partners have signed new agreements. The agreements make our partnerships possible by setting out what we will deliver together and what we expect from each other. Amongst other things, Age UK has substantially increased the base level of financial support we provide to local Age UKs, helping them to weather public sector cuts.

Help to generate income

As well as providing direct financial support, we help local Age UKs generate income and diversify their income sources. For example, in 2015/16, we supported eight local Age UKs with their bids to provide services for

local authorities and the NHS, resulting in £4.6 million of funding. We have also worked with local Age UKs to agree a new framework for fundraising across England.

Challenge

We had hoped to help more local partners to win local tenders from NHS and local authority commissioners but we were asked to support some very large and complex bids and prioritised these. By taking this decision we secured more funding overall than expected.

Improving quality

This was the final year of the first three-year cycle of the joint Age UK and Age England Association Organisational Quality Standards. Designed to ensure that the network is effective and delivers high quality services and activities, all local Age UKs and Age UK itself have now been certified. We will use what we have learned to shape the next cycle. We are already supporting local Age UK Trustee Boards to improve their financial governance and impact, and are working with local Age UKs that provide CQC regulated services to ensure they reach the required standards.

Transforming the network's digital capabilities

We have developed a network-wide digital strategy to help us benefit from the many opportunities that technology can offer, both to older people and to the effectiveness of our organisations. For example, we are looking into tools that help people manage their local Age UK-provided services online and that support the assessment of people's needs.

1.5m

1.5 million people visited local Age UK websites

100%

Age UK and every local Age UK has been accredited against our externally assessed Organisational Quality Standards

95%

We helped 95% of local Age UKs through our Partner Helpdesk, which provides a range of information and practical support

We campaign and research

We spent £9.3 million

How we spend our money

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

No one should have no one campaign

Our 'No one should have no one' campaign has continued to raise awareness of the huge but often hidden problem of loneliness in later life, firmly placing it on the public and policy agenda and showing how we all have a role to play in helping to solve it. The campaign caught the attention of many, in large part thanks to our partnership with John Lewis' 'Man on the moon' Christmas TV campaign. Over 57,000 people signed our petition which called on the Government to tackle loneliness.

Improving health and care

We worked in partnership with other charities to influence the Treasury's November 2015 Spending Review. Against a context of cuts, we persuaded the Government to invest more – though not enough – in meeting the social care needs of our ageing population.

We have successfully challenged and supported NHS England to develop new guidance on hospital discharge that safeguards older people's rights interests.

Building on the success of the Malnutrition Task Force pilot programme, we supported NHS England to develop and put in place new guidance, encouraging hospitals and care homes to take action to tackle preventable malnutrition in later life.

Improving financial services

Following our Financial Services Commission in 2014, the Financial Conduct Authority is looking at how the financial services industry can meet the needs of an ageing population, and the British Bankers Association set up a Vulnerability Task Force which published their report on the issue in early 2016. We have engaged with both and collected examples of good practice in a report on age-friendly banking.

Pension reforms

We have influenced the implementation of the Government's pension reforms by giving evidence to Parliamentary committees on pension communications and the gender pay gap. The committees took up some of our recommendations, including that the Government should contact people who will receive less from the new State Pension, and that jobs should be 'flexible by default'.

Providing valuable research

The Disconnected Mind research project we fund at the University of Edinburgh is continuing to discover the secrets of staying sharp in later life. This year, it found the clearest evidence yet that people with better brain connections tend to experience less decline in certain thinking skills, including reasoning and the speed of information processing.

We have created 'heat maps' that show the risk of loneliness among older people for all 33,000 neighbourhoods across England. They are helping councils and others to understand how big the problem is in their area.

35m

We reached over 35 million through media coverage of our Man on the Moon partnership with John Lewis

97

We encouraged 97 MPs to become Age Champions, to support the best interests of older people in Parliament and their constituencies

48

We responded to 48 Government consultations and Parliamentary reviews affecting older people

We work internationally

We spent £16.8 million

How we spend our money

Age International, Age UK's international charity, delivers our work around the world. Age International is the only charity in the UK dedicated to the needs and rights of older people in developing countries. It is the UK member of the HelpAge global network, which has 119 members in 73 countries, through which it delivers some of its work. Age International is also a member of the DEC (Disasters Emergency Committee). Read more about Age International's work in their 2015/16 Annual Report, available at www.ageinternational.org.uk/about-age-international/Annual-report.

We deliver long-term development programmes 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. Working as a member of the DEC, we support age-friendly emergency relief in countries devastated by disasters and conflict.

Providing emergency relief

Age International helped 85,000 older people to recover from humanitarian emergencies in 11 countries, including Ethiopia, Lebanon, Nepal, Sierra Leone, South Sudan and Sudan. We engaged 40,000 older people in 15 countries with disaster risk reduction projects. After the devastating earthquake in Nepal in April 2015, Age International launched an emergency appeal and participated in the DEC appeal. We provided shelter, cash grants, health care and eye care, as well as training in disaster risk reduction and livelihoods recovery.

Delivering essential services

We helped ensure that essential health and care services were provided to 808,000 older people and their families in 33 low and middle-income countries.

We trained nearly 8,000 government and agency staff in 25 countries to deliver better health, social protection and humanitarian relief. We delivered health care to 612,000 older people in 28 countries, including Ethiopia, Mozambique, Tanzania, Zimbabwe and Sri Lanka and provided eye care services, including cataract screening and operations, in six countries.

Improving pensions

With our support, pensions were introduced or improved in 14 countries, including Bangladesh, Myanmar, The Philippines, Uganda and Vietnam. Zanzibar, a semi-autonomous part of Tanzania, made history when it became the first place in East Africa to provide a state-funded universal pension.

UN Sustainable Development Goals

Working as part of the HelpAge global network, Age International strived to ensure that older people were included in the UN's new Sustainable Development Goals (SDGs). We are delighted that older people were included in 15 of the 17 goals. Our work with the UK Government secured a place for older people in its Leave No One Behind agenda, one of the core principles of the SDGs.

Convention on the rights of older people

Age International has worked in the UK and internationally to build support for a UN convention on the rights of older people. In the UK, Age UK and Age International have built a network of like-minded organisations that informs parliamentarians about this emerging agenda.

3,000

We supported 3,000 Older People's Associations in 27 countries to lobby for improvements in the delivery of services they need

1.7m

We influenced the increase of coverage of social pension schemes for 1.7 million older people in 14 low and middle-income countries

840,000

We supported 840,000 older people to access health services in 19 countries

Our people

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 strive to make Age UK a great place to work and volunteer.

Being a great place to work

This year we were pleased to be awarded the Silver Investors in People (IiP) accreditation, exceeding the standards required. The IiP assessors found that our people viewed Age UK as a good to outstanding employer, particularly noting 'positive culture', 'commitment to the cause', and 'optimism and positivity' amongst staff.

Our values

Age UK's values shape our culture and guide how we work together as colleagues, 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 to fulfil their potential, maximise their contribution and feel able to be themselves. Age UK's Trustees and Directors are responsible for promoting equality, valuing diversity and leading an inclusive culture. This year, our ground-breaking Extending Working Lives and Planning for Retirement Programme received widespread external interest.

Being a great place to volunteer

Age UK's thousands of volunteers make much of our work possible, whether they help out in our shops or support our campaigns. In 2015, we surveyed Age UK's shop volunteers and were pleased that 98 per cent of respondents said they would recommend Age UK as a place to volunteer and 92 per cent said they felt appreciated.

Our 'No one should have no one at Christmas' campaign, our Man on the moon partnership with John Lewis, and BBC Radio 1's #Millionhours campaign led to notable increases in volunteer enquiries. In 2015/16, volunteer enquiries rose by 149 per cent from 2014/15.

Rewarding 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 31). Depending on performance against objectives and our values, our staff may be awarded an increase in their pay as part of our performance-related pay system. 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 48 for more information on remuneration of Key Management Personnel.

The creation of Age UK Trading CIC enabled us to reduce the number of Directors working on our trading activities. See page 24 for more information.

46%

Approximately 46% of Age UK's staff are aged 50 and over – 16% are aged 60+

48,000

We are supported by around 48,000 volunteers and campaigners

92%

92 per cent of volunteers for our telephone befriending service, Call in Time, think they will still be an Age UK volunteer in a year's time

Our plans

Our priorities

This year Age UK has set its sights on three equally important charitable priorities for 2016-21, all with the aim of making the UK a great place to grow older.

Person-centred care

We will change how health and care is provided so that every older person in the UK is able to access high quality person-centred care that helps them to get the best from life. Older people tell us that they want services and support to be more joined up and focused on them as individuals and that's what we'll deliver within our programme, together with local Age UKs, and with the support of other organisations. In 2016/17 we will:

- Introduce three new sites for our Person-Centred Integrated Care model
- Complete the Nuffield evaluation of the model
- Develop and test new person-centred hospital discharge pathways

4m

An estimated 4 million older people in the UK have a limiting longstanding illness and stand to gain from a much more integrated health and care approach. This equates to 40% of all people aged 65+¹

¹ The estimate is for the UK, based on Great Britain data from the General Lifestyle Survey 2011, Office for National Statistics, 2013

² TNS survey for Age UK, 2016

³ You Gov survey for Age UK, 2015

Loneliness

We will prevent and tackle loneliness among older people and deliver a choice of services to anyone who asks us for help. Loneliness blights lives and undermines health and resilience, and an ageing population means many more will be affected unless we act now. We will continue to press the Government for change, encourage the public to play their part, and ask local health and care commissioners to take loneliness seriously as a public health priority. In 2016/17 we will:

- Run a new 'No one should have no one' awareness and fundraising campaign
- Extend our Promising Approaches to Reducing Loneliness Programme
- Expand Call in Time to reach over 2,000 older people

Nearly 1m

Nearly one million older people say they are always or often lonely²

First port of call

We will be the first place that older people, their families or friends turn to whenever they have an age-related need. No matter how they reach us – whether it's by visiting a local Age UK, giving us a call, or visiting us online – we will provide free expert information and advice direct or help them to find someone who can. They will have a high quality experience that has them and their individual needs at its heart. In 2016/17 we will:

- Begin the roll-out of person-centred information and advice amongst local Age UKs
- Improve the quality of our information and advice on the phone, online and face-to-face
- Support local Age UKs to put in place information and advice development plans

2.9m

2.9 million older people (65+) in Great Britain feel they have no one to turn to for help and support³

Our enablers

The achievement of our priorities is dependent on areas of our work that cut across everything we do.

Network sustainability

We will ensure that there continues to be a network of organisations helping older people in local communities across the UK.

Digital transformation

We will harness technology to transform the way Age UK and our network deliver services and to improve how we operate.

Volunteering

We will attract more volunteers and ensure they have a great experience at Age UK.



Age International's priorities

Age International has four charitable priorities: responding to emergencies; reducing poverty; improving health; and protecting and promoting human rights. In 2016/17 we will:

- Manage our Ebola Crisis response and Nepal recovery programme
- Monitor and evaluate directly funded programmes
- Support the development of the Global Alliance for the Rights of Older People
- With Age UK, build greater support in the UK for a convention on the rights of older people

Read more about Age International's plans at www.ageinternational.org.uk/about-age-international/Annual-report

Strategic report

Public benefit 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 30). This includes: providing information and advice; delivering and working to transform 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 12 to 18.

Plans for future periods

Information on our strategic plans for the future is on pages 2 to 3 and 20 to 21.

Responding to the Charity Commission's recommendations

Following the Charity Commission's investigation into Age UK's energy partnership with E.ON and the publication of their case report on 19 April 2016, we have begun 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. We will:

- Review governance arrangements in relation to Age UK's oversight and control of its trading companies and activities
- Make our trading activity even clearer to customers, particularly in the way it is marketed, and being transparent about how the charity benefits from trading activity
- Ensure that Age UK Trading CIC's trading partners follow best practice in dealing with people in vulnerable circumstances
- Fully embed the Age UK Customer Charter and communicate it effectively to customers.

We have already made progress in some areas, including the introduction of interim guidelines that are being applied to new marketing materials and the Age UK website; the establishment of a Product Review Committee, that will undertake rolling reviews of trading products as well as appraise any new ones; and we have engaged expert support to help us with our governance review.

We have met with and shared information about the programme with the Charity Commission and will continue to engage with the Commission as we implement the recommendations. We expect to have completed the majority of the work by the end of 2016/17.

Financial summary

Changes to the Statement of Recommended Practice

The way charities report their accounts has changed this year following changes to the statement of recommended practice (SORP) for charities that prepare their accounts in accordance with the Financial Reporting Standard (FRS 102). The SORP is issued by the Charity Commission in England. The most notable change concerns recognition of income from legacies, which has lowered the legacy recognition test from 'certain' to 'probable'. This requires Age UK to restate prior year figures. This has led to an increase of £1.5 million in legacy income for 2015/16 and a reduction of £3.1 million in 2014/15.

Overview

Although our net income was stable, at £86.4 million (2015: £87 million), the underlying picture is more complex. Fundraising has performed well, while our trading activities and income-generating charitable activities have faced challenges. We have been able to spend £80.8 million (2015: £84.8 million) on charitable activity.

Expenditure

Our charitable expenditure this year was £80.8 million, down £4 million on 2015 (£84.8 million). This decrease was due to the conclusion of a number of restricted funding programmes, mainly the BIG Lottery-funded fit for the future programme (£3.2 million); the Get going together programme funded by GlaxoSmithKline (£1.8 million); a number of smaller digital inclusion programmes; and not participating in ITV's Text Santa this year, which we had been fortunate to be involved in for the previous two years.

We have controlled costs across all income generating activities, which have decreased by 3.5 per cent. Our fundraising costs fell by 13.4 per cent to £5.8 million (2015: £6.7 million), which meant that we spent less than 11 pence on raising every £1, down from 13 pence in 2014/15. Costs for the trading activity carried out by Age UK Trading CIC fell by 2.6 per cent to £75.8 million (2015: £77.8 million).

How we calculate our fundraising efficiency

We know it is important to all of our generous donors that we make sure that every penny donated to us counts (see page 9). 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, our financial services and sales of our At Home independent living products – or income from charitable activities.

£53.5 million (income raised) - £5.8 million (costs) = £47.7 million (89% of the money raised)

Income

Fundraising

Overall, fundraising performed well with a total net income of £47.7 million (2015: £45.7 million). Fundraising continues to be our largest source of net income, at 55 per cent of the total. This is despite a fall in grant funding, mainly due to the conclusion of fit for the future.

Income from donations and gifts increased to £19.5 million (2015: £17.9 million). 2014/15 was an exceptional year for legacies and we had therefore forecast a reduction in income this year. However, changes in the point of recognition under FRS 102 and a particularly strong performance in the second half of the financial year resulted in a net legacy income of £25.6 million (2015: £24.7 million), £0.9 million up on last year.

Income from charitable activities

A small percentage of our income is generated through our charitable activities. In 2015/16 this contribution was £6.2 million (2015: £7.7 million). Some of this charitable income was generated by Age UK Training. We decided to close Age UK Training in 2016 after the withdrawal of contracts by its major funders and following a strategic review.

The remainder of charitable income came from our Gifted Housing Service and our contract with the Care Quality Commission (CQC) for the provision of Experts by Experience for their inspections. The CQC retendered this year and made changes to the geographical areas and service specification – we were pleased to win a new contract with partner Choice Support, a charity, for the new central region.

Age UK Trading CIC**Building a consolidated trading company**

The creation of Age UK Trading CIC was to simplify how our trading activities operate and to benefit from the synergies of bringing our operations together. As part of this, we reduced the number of senior executives across our trading activities from two Managing Directors to one, and reduced the number of other Executive and Non-executive Directors by four. This reduction in executives was enabled in part by the reorganisation of Age UK Trading CIC's products and services into the following areas: Retail (shop network); Financial Services (all FSA-regulated products and services); At Home (independent living products and services); and other.

Due to challenging market conditions in a number of areas, Age UK Trading CIC's activities delivered a net income of £31.1 million (2015: £32.3 million). This constituted 36 per cent of our total net income.

The financial services activity of Age UK Trading CIC has faced tough trading conditions across a number of products and services, leading to a net income of £15.5 million (2015: £16.7 million). Funeral plans have been especially challenging. Home and travel insurance were also difficult due to a highly competitive market, but we were pleased this year to establish a new long-term partnership with our current insurance partner, Ageas Insurance, which will be a strong platform for growth. We also decided to exit the energy market, which had little impact in-year.

Age UK Trading CIC also operates a network of over 400 charity shops in England. Our net retail income of £5.5 million (2015: £5.8 million) has been affected by a continued decline in both the volume and value of donated goods. This has been offset by a strong performance in bought-in goods and a reduction in the costs of collecting donated goods. Age UK Training ran a small commercial operation which we closed in late 2015; despite investment, it remained unviable.

At Home, which provides independent living products and services and personal alarms, has continued to make an important contribution, at £4.5 million (2015: £3.7 million).

Post balance sheet event

In August 2016, Age UK's Trustees agreed a proposal by the Directors of Age UK Trading CIC to sell Aid-Call Limited, a wholly owned subsidiary which provides Age UK's Personal Alarms service, to AXA PPP healthcare Limited. Age UK will also enter into a new partnership with AXA PPP healthcare Limited to promote Age UK Personal Alarms, provided by AXA PPP healthcare. This new partnership will secure investment to deliver next-generation personal alarms, whilst continuing to deliver a high quality service to current and future customers. You can read more on page 67.

Funding and finance**Balance sheet**

	2016 £m	2015 £m
Fixed assets	31.8	28.3
Investments (including joint ventures)	32.4	33.5
Net current assets	8.6	4.4
Long-term creditors and provisions	(15.1)	(12.4)
Net assets before defined pension scheme liability	57.7	53.8
Defined pension scheme liability	(15.7)	(21.7)
Net assets after defined benefit pension scheme liability	42.0	32.1

Balance sheet assets increased by 30.8 per cent, from £32.1 million to £42.0 million. The £9.9 million increase in balance sheet assets comprises:

- £3.5 million increase in fixed assets due to revaluation of properties
- £1.1 million net decrease in investments due to unrealised losses as a result of adverse market conditions
- £4.2 million increase in net current assets. This is due to the increased legacy income accrual and lower trade creditors
- £2.7 million net increase in provisions and creditors due after more than one year, due to provisions for restructuring costs
- £6.0 million decrease in defined-benefit pension scheme liability due to deficit contribution payments and favourable market movements

Of the total £32.4 million investments (£33.5 million in 2014/15), £29.9 million are liquid investments (£31.1 million in 2014/15) which are readily available and can be converted to cash if necessary to meet any obligations.

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 £15.7 million (£21.7 million in 2014/15) is explained in detail in note 21 of the financial statements. Both sections of the scheme are closed to new entrants and future accrual.

Age UK has adopted FRS 102 in the year and prior year results have been restated on this basis. The main impact of the change is to increase the current year finance cost, as credit is no longer taken for asset outperformance.

A full actuarial valuation took place on 1 April 2013 and this has been reworked and projected forward using the 2016 FRS 102 assumptions. A further actuarial valuation dated 1 April 2016 is in progress.

Both sections of the scheme are valued and reported in accordance with FRS 102 and advised by scheme actuaries. The scheme showed an overall reduction in deficit of £6.0 million (£3.1 million increase in 2014/15). This was mainly due to employer recovery contributions of £4.9 million (£2.4 million in 2014/15). The reduction in deficit also arose from a decrease in scheme liabilities due to an increase in the discount rate to 3.4 per cent (3.3 per cent in 2014/15), as a result of a year on year improvement in market bond yields. This was partially offset by lower investment returns.

Reserves policy

Age UK's reserves policy is based on a free reserves approach. Under this policy, Age UK takes a six month forward view of free reserves, factoring in risks and its strategic plans.

This enables Age UK to determine the reserves range required for the Charity to cover planned charitable expenditure over the following six months under two adverse scenarios. This calculation gives a required free reserves range of between £20.7 million and £39.8 million. At March 2016 Age UK's reserves of £38.1 million were within this range.

Liquid investments

	2016 £m	2015 £m
Liquid assets	2.7	4.5
Listed investments	27.2	26.6
Total liquid investments excl cash	29.9	31.1
Net cash	8.1	8.5
Total liquid investments	38.0	39.6
Less: restricted reserves	3.9	4.8
General liquid investments	34.1	34.8

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 £5.0 million in readily convertible assets, including cash, in order to provide flexibility.

Age UK's investment manager is Sarasin & Partners LLP. As at 31 March 2016, Age UK held just under £30 million with Sarasin. The funds are split between short-term and long-term portfolios. The short-term portfolio contained just over £5 million and was invested defensively in corporate bonds, alternative assets and cash. The long-term portfolio contained just under £25 million and was invested in corporate bonds, index-linked gilts, UK and global equities, alternative assets and cash. The largest investment (£4.1 million) was in the Sarasin Charity UK Equity Fund which is a diversified portfolio of UK equities aiming to beat the return from the FTSE All Share 5 per cent Capped Index.

The short-term portfolio produced a total return of -0.5 per cent for the 12 months to 31 March 2016, which was a little behind the benchmark return of +0.4 per cent as the alternative assets delivered returns lower than the cash. The long-term portfolio produced a total return of -2.2 per cent which reflects the high level of stock markets at the start of the financial year. The table on page 27 sets out the returns by asset class. The portfolio's return did not match the benchmark on this occasion principally because of stock selection within UK equities and the exposure to domestic banks which disappointed as interest rates and bond yields fell.

Age UK holds endowed funds with a market value as at 31 March 2016 of £2.1 million (2014/15 £2.2 million). The majority of endowed funds are managed by J.P. Morgan.

Age UK holds one property valued at £0.2 million (one property valued at £0.2 million in 2014/15) as a long-term investment.

Dividend income increased from £0.6 million in 2014/15 to £0.9 million in 2015/16.

Long-term investment fund: asset allocation and benchmark performance

Asset Class	Total Return (12 months to 31 March 2016)	Index Return	Comparison Against Benchmark	Asset Allocation at 31 March 2016	Asset Allocation at 31 March 2015
Fixed interest	0.5%	1.0%	-0.5%	34.1%	31.0%
UK equities	-7.7%	-3.7%	-4.0%	19.9%	20.0%
Global equities	-2.0%	-0.9%	-1.1%	23.6%	21.8%
Alternative assets	-2.5%	0.5%	-3.0%	20.5%	18.0%
Liquid assets*	n/a	-	-	1.9%	9.2%
Total	-2.2%	0%	-2.2%	100.0%	100.0%

Portfolio Benchmark BofA Merrill Lynch Sterling Corporate, BofA Merrill Lynch UK Inflation Linked Gilt Index, 18% FTSE All-Share 5% Capped, MSCI AC World ex UK & UK Cash LIBOR 1 Month.

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.

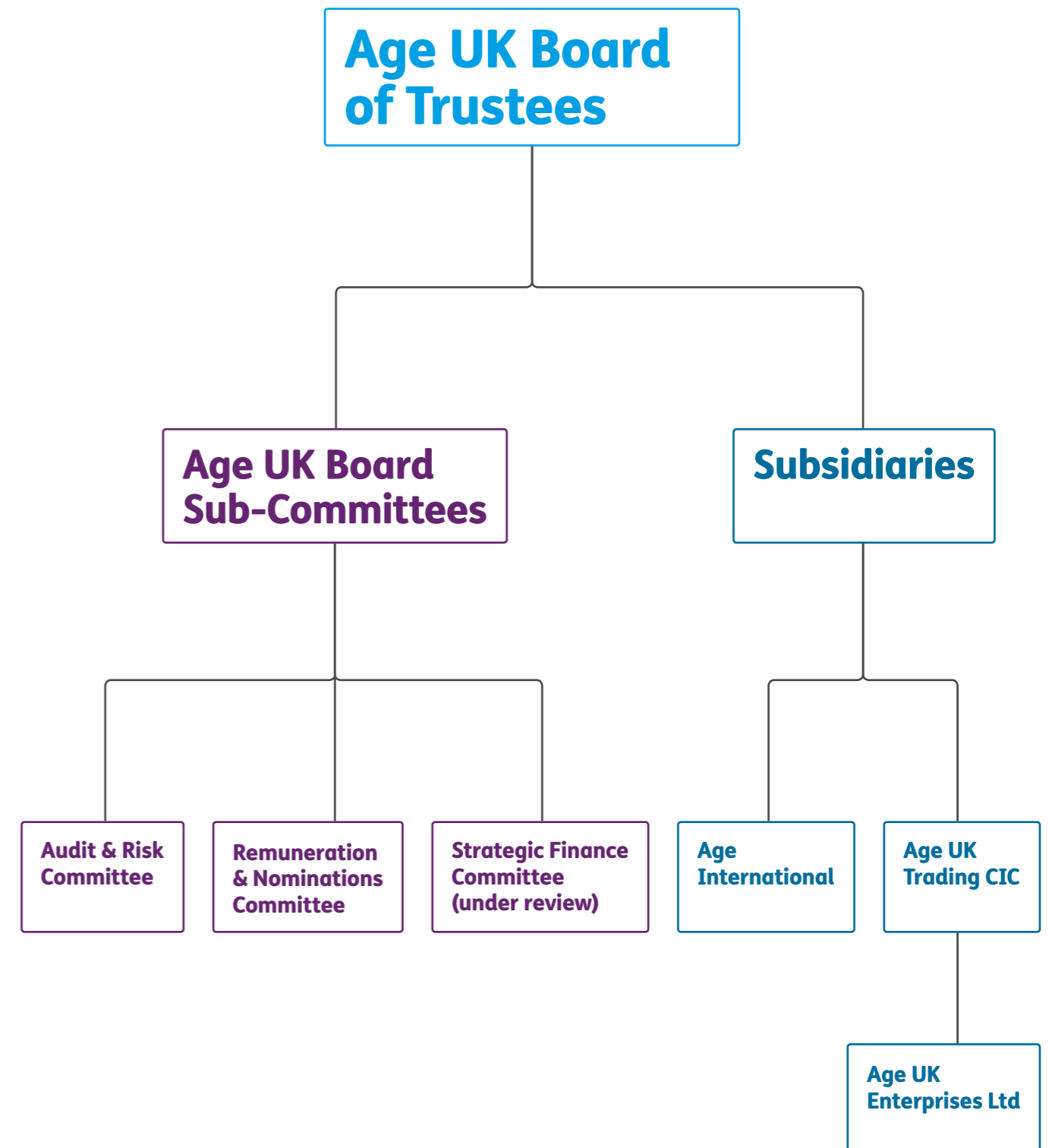
The Audit and Risk Committee works closely with the internal and external auditors to assure itself that all key controls are in place. The Committee considers that Age UK is increasingly able to focus on taking a risk-based approach to the strategic challenges it faces.

There are processes in place to report and investigate serious incidents and ensure that the required corrective actions are taken. There has been one serious incident reported to the Charity Commission this year relating to the press coverage of Age UK Enterprise's commercial relationship with E.ON (see page 22).

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

Risk	Management
Reduced public trust in the UK charity sector leads to fewer donations and impacts on Age UK's income and our ability to provide services and support.	<ul style="list-style-type: none"> We have a Fundraising Charter which sets out our conservative fundraising principles and what our donors can expect We are actively supporting the development of the new fundraising regulator We have worked with the Commission on Donor Experience on vulnerability and supported the Institute of Fundraising to update its standards
Further reductions in government spending affect both Age UK and its local partners, with a corresponding impact on local services and the sustainability of our partner network.	<ul style="list-style-type: none"> We have ensured that when bidding for contracts our services meet the needs of health and social care commissioners We are supporting our local partners to work collaboratively to secure higher value contracts We are helping our local partners to develop new paid-for services We doubled the base level of unrestricted financial support we provide to our local partners from 1 April 2016 We are tapping into broader NHS resources and social funds as they have been less affected by reductions in government spending
Failure to have an integrated IT strategy that meets all commercial, fundraising, legislative and regulatory requirements in relation to data security, and ensures that developments in digital technology are not missed.	<ul style="list-style-type: none"> We are finalising our strategic review of our IT capability to ensure that our strategy can meet the needs and demands of our charity and trading activities and more effectively leverage digital technology
Regulatory censure arising from our failure to understand and address the needs of all our regulators.	<ul style="list-style-type: none"> We are introducing an assurance programme for all regulated activity We are carrying out a governance review that will include measures to understand the changing requirements of our regulators
Potential conflict between our trading relationships and the public's perception of the charity.	<ul style="list-style-type: none"> We introduced a Customer Charter in 2013 which sets out what customers can expect from Age UK's and our partners' commercial products and services We are reviewing how to make a clearer distinction between our trading and charitable activity and the commission we receive from commercial partnerships
Major market movements could increase the Age UK pension deficit and/or the value of our investment portfolio.	<ul style="list-style-type: none"> We are conducting the tri-annual review of the Age UK Pension Scheme We have an approved investment policy in place which is regularly reviewed We use external professional advisors to manage our pensions and investments We have a diversified portfolio of investments to minimise any impact Portfolio performance is reported and reviewed on a regular basis

The Age UK Group governance structure



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 in the following terms:

- 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.

Age UK Board of Trustees

Age UK is governed by a Board of Trustees and is made up of up to 12 Trustees (see page 70 for the names of our Trustees). Our Chief Executive, working with the Executive Team, is responsible for delivering the Board's vision and day to day operations.

All candidates for the Board of Trustees must be able to demonstrate that they can fulfil the requirements of the role description. The process for recruiting new Trustees is based on an evaluation of the balance of diverse skills and experience needed to govern the Charity in its breadth. Newly appointed Trustees receive an induction programme and there are regular opportunities for updates throughout their term.

Trustees are involved in appraisals with the Chairman, which enable the identification of any training needs. Where such needs are identified, appropriate training is provided.

In 2015/16, the Board of Trustees met eight times.

Board Committees

The Age UK Board has established a number of Committees to consider particular issues in greater depth and to advise the Board. The Board only delegates decision-making to Committees by exception. The following Committees advised the Board during 2015/16:

Audit and Risk Committee

The Audit and Risk Committee was chaired by David Hunter until February 2016 and is now chaired by Lawrence Churchill. The Committee reviews audited financial statements of the Charity and recommends them to the Board. It also reviews the Charity's annual statement on internal control and risk management and recommends it to the Board. It reviews reports from the internal and external auditors and monitors management actions to implement recommendations made in audit reports. It determines the frequency and process of tendering for both external and internal audit services and considers their appointment, fees and independence and objectivity.

In 2015/16, the Audit and Risk Committee met five times. Members of the Audit and Risk Committee are identified on page 70.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee is chaired by Chris Hughes. The Committee reviews pension, employment and remuneration policies, determines the salary and appointment of the Chief Executive and the Executive Directors, and oversees Age UK's annual pay and performance review process. It 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.

In 2015/16, the Remuneration and Nominations Committee met three times. Members of the Remuneration and Nominations Committee are identified on page 70.

Strategic Finance Committee

The Strategic Finance Committee is chaired by Jeremy Greenhalgh. The Committee considers the financial plans and performance of Age UK and the cost effective and efficient operation of the Group. Since the formation of Age UK Trading CIC, some of the responsibilities of the Strategic Finance Committee now sit with the Age UK Board of Trustees, the Audit and Risk Committee, and the Age UK Trading CIC Board. The future of this committee is under review. In 2015/16, the Strategic Finance Committee met once.

Age UK's 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 119 affiliates in 73 countries.

Age International is governed by a Board of six 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 2015/16, the Age International Board met four times.

More information can be found in Age International's Trustees Report 2015/16.

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 CIC

On 16 July 2015, Age UK Trading Limited converted to become a Community Interest Company and its name changed to Age UK Trading CIC. The company remains the same legal entity with the same registered company number of 01102972. This followed a strategic review last year. The new Community Interest Company simplifies our governance, strategy and operations by bringing together all Age UK's commercial activities under the purview of a single entity. The company manages all Age UK's existing trading operations, including its network of over 400 charity shops, dealing in the sale of donated goods. In addition, Age UK Trading 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.

As part of the conversion to become a Community Interest Company, we transferred the operations and people who provide support services for the Age UK Group from Age UK Services Ltd to Age UK Trading CIC. Age UK Services is now a dormant company.

Until early 2016, Age UK Trading CIC included Age UK Training which provided training to the health and care sector. We decided to close Age UK Training in 2016 after the withdrawal of contracts by its major funders.

The Board of Age UK Trading CIC comprises non-Executive Directors who are also Trustees of Age UK, the Chief Executive of Age UK and the Managing Director of Age UK Trading CIC.

The Chair of Age UK Trading CIC is David Hunter and the Managing Director of Age UK Trading CIC is Ian Foy. In 2015/16, the Age UK Trading CIC Board met nine times.

Age UK Trading is a Community Interest Company limited by shares (registered company number 1102972). In accordance with the company's articles of association, 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.

Age UK Enterprises

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

The Board of Age UK Enterprises comprises non-Executive Directors (one of which is also a Trustee of Age UK, one of which is an Executive Director of Age UK Trading CIC, and non-Executives Directors who are not otherwise connected with Age UK) and an Executive Director.

To give the Age UK Enterprises Board the assurance it requires regarding risk management, there is an Age UK Enterprises Audit and Risk Committee.

The Chair of Age UK Enterprises is Simon Waugh. The Executive Director of Age UK Enterprises is Doug Strachan.

In 2015/16, the Age UK Enterprises Board met seven times.

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

Aid-Call

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

The Chair of Aid-Call Limited is Simon Waugh.

Aid-Call Limited is a registered company limited by guarantee (registered company number 1488490).

Please see the post balance sheet event on page 67 regarding the sale of Aid-Call Ltd in autumn 2016.

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.

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.

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.

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.

Please see page 45 for details of grants awarded by the Charity in 2015/16.

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.

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 24 November 2016 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 2016 set out on pages 35 to 69. 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 32, 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/auditscopeprivate

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 2016 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; and
- 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 visit 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
6 December 2016

Financial statements

Consolidated Statement of Financial Activities year ended 31 March 2016

Note	Unrestricted £'000	Restricted & Endowed £'000	2016 £'000	2015 £'000	
Incoming resources from generated funds:					
3	35,974	17,608	53,582	52,342	
7	(5,722)	(112)	(5,834)	(6,671)	
Net voluntary income					
	30,252	17,496	47,748	45,671	
4	31,033	42	31,075	32,318	
5	6,070	106	6,176	7,777	
6	1,433	0	1,433	1,235	
Net incoming resources available for charitable activities					
	68,788	17,644	86,432	87,001	
7	Charitable activities				
	Information and advice	(16,576)	(530)	(17,106)	(15,831)
	Health and care	(5,594)	(1,254)	(6,848)	(7,230)
	Wellbeing	(4,596)	(5,102)	(9,699)	(10,439)
	Supporting the network	(20,698)	(409)	(21,106)	(23,017)
	Campaigning and research	(7,953)	(1,308)	(9,261)	(9,493)
	International	(6,192)	(10,584)	(16,777)	(18,826)
Expenditure on charitable activities					
	(61,610)	(19,187)	(80,797)	(84,836)	
	Net (losses) / gains on investments	(1,234)	(145)	(1,379)	2,028
Net income for the year before other recognised gains and losses					
	5,944	(1,688)	4,256	4,193	
	Gains on revaluation of properties	3,498	0	3,498	0
	Actuarial gains / (losses) on defined benefit pension schemes	2,146	0	2,146	(5,221)
Net movement in funds for the year					
	11,588	(1,689)	9,900	(1,028)	
	Total funds at 1 April	27,266	4,807	32,073	33,101
Total funds at 31 March					
	38,854	3,118	41,973	32,073	

*Analysis of net income from trading activities					
	Income	106,838	42	106,880	110,119
	Expenditure	75,805	0	75,805	77,801
Net income from trading activities					
	31,033	42	31,075	32,318	

Consolidated Balance Sheet year ended 31 March 2016

Note		Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Fixed assets					
12	Tangible assets	31,753	28,307	28,040	24,167
13	Investments	32,360	33,546	32,360	33,673
	Investments in joint venture:				
13	Share of gross assets	0	238	0	0
13	Share of gross liabilities	0	(234)	0	0
	Share of net assets	0	4	0	0
	Total fixed assets	64,113	61,857	60,400	57,840
Current assets					
14	Stock	534	612	0	0
15	Debtors	22,902	20,182	27,433	24,154
	Cash at bank and in hand	8,051	8,513	959	3,683
	Total current assets	31,487	29,307	28,392	27,837
Liabilities					
16	Creditors: Amounts falling due within one year	(22,875)	(24,901)	(24,515)	(23,565)
	Net current assets	8,612	4,406	3,877	4,272
17	Creditors: Amounts falling due after one year	(3,024)	(3,270)	(1,701)	(2,009)
18	Provisions for liabilities and charges	(12,017)	(9,194)	(5,875)	(7,301)
	Net assets excluding pension liability	57,684	53,799	56,701	52,802
21	Defined benefit pension scheme liability	(15,711)	(21,727)	(15,564)	(21,504)
	Net assets including pension liability	41,973	32,073	41,137	31,299
Funds					
19	Endowment funds	2,102	2,247	2,102	2,247
19	Restricted funds	1,821	2,560	1,791	2,529
	Endowed and restricted funds	3,923	4,807	3,893	4,776
	Fixed asset funds	11,945	11,945	11,945	11,945
	General reserve	41,816	37,048	40,864	36,082
19	Unrestricted funds excluding pension liability	53,761	48,993	52,809	48,027
21	Pension Reserve	(15,711)	(21,727)	(15,564)	(21,504)
	Total funds	41,973	32,073	41,137	31,299

The financial statements on pages 35 to 69 were approved by the Board of Trustees on 24 November 2016 and signed on its behalf by:



Dianne Jeffrey CBE DL
Chairman

Consolidated Cash Flow Statement year ended 31 March 2016

	Group 2016 £'000	Group 2015 £'000	
Cash flows from operating activities:	465	8,748	
Distribution received from joint venture	416	455	
Returns on investment and servicing of finance			
Investment income and interest received	894	592	
Investment management costs	(43)	(44)	
Net cash inflow from returns on investments	851	548	
Capital expenditure and financial investment			
Purchase of tangible & intangible fixed assets	(3,047)	(5,749)	
Sale of tangible & intangible fixed assets	1,004	2,933	
Purchase of fixed assets investments	(821)	(11,033)	
Sale of fixed assets investment	670	945	
Net cash (outflow) for capital expenditure and financial investment	(2,194)	(12,904)	
Change in cash and cash equivalents in the reporting period	(462)	(3,153)	
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash in the period	(462)	(3,153)	
Change in cash and cash equivalents in the reporting period	(462)	(3,153)	
Cash and cash equivalents at the beginning of the reporting period	8,513	11,666	
Cash and cash equivalents at the end of the reporting period	8,051	8,513	
Reconciliation of net income to net cash			
Inflow from operating activities			
Net income for the year	4,256	4,193	
Investment income and interest received	(894)	(592)	
Share of operating profit of joint ventures	(412)	(456)	
Impairment of tangible fixed assets	139	52	
Depreciation and amortisation charge	2,084	3,466	
Gain on sale of fixed assets	(126)	(187)	
Net loss / (gain) on investments	1,379	(2,028)	
Decrease / (Increase) in stocks	77	(81)	
(Increase) / decrease in debtors	(2,720)	3,283	
Decrease / (Increase) in creditors	(2,271)	665	
Increase / (Decrease) in provisions	2,823	2,486	
Difference between pension charge and cash contribution	(3,870)	(2,053)	
Cash flows from operating activities:	465	8,748	
Analysis of changes in cash and cash equivalents			
	Group at 1 April 2015	Cash flows	Group at 31 March 2016
Cash at bank and in hand	8,513	(462)	8,051

Notes to the financial statements for the year ended 31 March 2016

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 70. 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. The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £'000.

In the transition to FRS 102 from old UK GAAP, the Group has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected the financial position and financial performance of the Group is provided in note 31.

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 2.

In these financial statements the Group and Company has changed its accounting policies in the following areas:

- A provision for holiday pay has been created;
- The policy for recognition of legacies has been changed in accordance with the new SORP. Legacies are now recognised when a copy of the will and an Assets and Liabilities Statement have been received from the executor.

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.

In the year the Charity is presenting its charitable activities under six new headings which better reflect how the different functions within the Charity work together to help more older people love later life.

Age UK meets the definition of a public benefit entity under FRS 102.

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 2016 are disclosed in note 19.

Incoming resources

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 incoming resources are included in the Statement of Financial Activities (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 incoming resources 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 for which they are sold.

Where donated services and facilities are provided these are included at the value to the Charity where they 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 through an Age UK subsidiary (Aid-Call Limited) is accounted for on an invoiced basis.

Sales from Training are accounted for according to when income is received. Where income is received in advance of delivery of the training, its recognition is deferred and included in creditors until the contract is performed. Where the income is received after the delivery the income is accounted for 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 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. This includes 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 statement of financial activities.

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. Properties were revalued at 31 March 2016. Losses arising on revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any excess is recognised in profit or loss.

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 together 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.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition, investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

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 cost of care for individuals who have gifted their house is made and the sum is included within provisions for liabilities and charges. Costs of care 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

Stocks are 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 stocks.

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. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

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.

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 in respect of 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 subjects 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 fixed assets used by the Charity including gifted houses less the related care 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 intends 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 costs 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 Age UK 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
- Provision for restructuring cost assumptions

3 Voluntary income

	Unrestricted £'000	Restricted & Endowed £'000	March 2016 £'000	Unrestricted £'000	Restricted & Endowed £'000	March 2015 £'000
Donations and gifts	10,697	8,849	19,546	9,212	8,647	17,859
Legacies	24,759	884	25,643	22,911	1,821	24,732
Grants	518	7,875	8,393	501	9,250	9,751
	35,974	17,608	53,582	32,624	19,718	52,342

An amount of £9,660,618 (2015: £9,048,484) 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

	Unrestricted £'000	Restricted & Endowed £'000	March 2016 £'000	Unrestricted £'000	Restricted & Endowed £'000	March 2015 £'000
Gross income						
Retail	43,664	20	43,684	44,787	0	44,787
Financial services	35,910	22	35,932	37,945	84	38,029
At Home	11,606	0	11,606	10,578	0	10,578
Other trading income (Note 4b)	15,658	0	15,658	16,725	0	16,725
Total income	106,838	42	106,880	110,035	84	110,119
Costs						
Retail (Note 7)			38,217			38,954
Financial services (Note 7)			20,475			21,063
At Home (Note 7)			7,077			6,886
Other trading costs (Note 4c)			10,036			10,898
Total activities for generating funds (Note 7)			75,805			77,801
Net income from Trading activities			31,075			32,318

	Raffles and lotteries £'000	Training £'000	Corporate sponsorship and events £'000	Other £'000	March 2016 £'000	March 2015 £'000
4b Other trading income	9,782	4,294	828	755	15,658	16,725
4c Other trading costs	(4,890)	(4,831)	(286)	(29)	(10,036)	(10,898)

5 Charitable Income

	Unrestricted £'000	Restricted & Endowed £'000	March 2016 £'000	Unrestricted £'000	Restricted & Endowed £'000	March 2015 £'000
Information and advice	1,290	106	1,396	1,303	148	1,451
Health and Care	515	0	515	663	0	663
Wellbeing	727	0	727	957	0	957
Supporting the Age UK network	1,589	0	1,589	2,110	0	2,110
Campaigns and research	696	0	696	870	0	870
International	1,253	0	1,253	1,726	0	1,726
Total	6,070	106	6,176	7,629	148	7,777

6 Other income

	Unrestricted £'000	Restricted & Endowed £'000	March 2016 £'000	Unrestricted £'000	Restricted & Endowed £'000	March 2015 £'000
Gain on disposal of fixed assets	127	0	127	187	0	187
Gift aid from joint ventures	412	0	412	456	0	456
Investment income	894	0	894	592	0	592
Total	1,433	0	1,433	1,235	0	1,235

7 Resources expended

	Direct costs of activities £'000	Grant funding of activities £'000	Allocation of support costs £'000	March 2016 £'000	March 2015 £'000
Costs of generating funds					
Costs of generating voluntary income					
Donations and gifts	3,969	0	403	4,372	5,138
Legacies	543	0	230	773	838
Grants	603	0	86	689	695
	5,115	0	719	5,834	6,671
Costs of activities for generating funds					
Retail	35,389	0	2,828	38,217	38,954
Financial services	19,758	0	717	20,475	21,063
At home	6,915	0	162	7,077	6,886
Other trading costs	9,806	0	230	10,036	10,898
	71,868	0	3,937	75,805	77,801
Costs of charitable activities					
Information and advice	14,567	211	2,328	17,106	15,831
Health and care	3,731	995	2,122	6,848	7,230
Wellbeing	4,953	2,624	2,122	9,699	10,439
Supporting the Age UK network	13,854	6,572	680	21,106	23,017
Campaigns and research	5,301	562	3,398	9,261	9,493
International	2,375	13,722	680	16,777	18,826
	44,781	24,686	11,330	80,797	84,836
Total resources expended	121,764	24,686	15,986	162,436	169,308

Analysis for grants

	March 2016 £'000	March 2015 £'000
UK Grants		
Information and advice	211	848
Health and care	995	1,514
Wellbeing	2,624	4,030
Supporting the Age UK network	6,572	9,076
Campaigns and research	562	676
International	13,722	13,155
Total grants	24,686	29,299

All grants to HelpAge International were made in sterling and there were no transactions in foreign currencies.

1,477 grants were awarded to organisations during the year ending 31 March 2016; no grants were made to individuals.

A full list is available on request.

8 Support costs

	Directorate £'000	Finance & legal £'000	Office management £'000	IT £'000	Human resources £'000	Property £'000	2016 Total £'000	2015 Total £'000
Costs of generating funds								
Costs of generating voluntary income								
Donations & gifts	10	94	75	92	76	18	365	542
Legacies	6	54	43	52	43	10	208	327
Grants	2	20	15	19	16	4	76	146
	18	168	133	164	135	32	649	1,015
Activities for generating funds								
Retail	93	1,015	62	370	1,155	14	2,709	2,855
Financial services	82	75	98	72	328	25	680	1,164
At Home	4	22	14	30	49	26	145	159
Other trading costs	7	34	22	44	74	40	221	239
	186	1,146	196	516	1,606	105	3,755	4,417
Charitable activities								
Information and advice	40	641	488	708	443	87	2,407	2,302
Health and care	32	525	399	580	362	71	1,969	1,884
Wellbeing	32	525	399	580	362	71	1,969	1,884
Supporting the Age UK network	11	175	133	193	121	24	657	627
Campaigns and research	54	873	665	966	604	118	3,280	3,140
International	11	175	133	193	121	24	657	627
	180	2,914	2,217	3,220	2,013	394	10,939	10,464
Governance costs	115	528	-	-	-	-	643	657
Total support costs	499	4,756	2,546	3,900	3,754	532	15,986	16,553
2015 Total	683	5,379	2,416	3,593	3,965	517	-	16,553

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 allocations have been calculated on a consistent basis year on year.

Central support costs are allocated as follows:

- Directorate – estimated staff time used to calculate weighted percentage
- Finance – estimated staff time
- Legal – estimated staff time
- Office management – headcount based on each office
- IT – number of devices and use of resource by division
- Human resources – headcount and estimated time spent on each operational division as appropriate
- Property – floor space used by each division

Governance costs are made up of the following:

	2016 Total £'000	2015 Total £'000
Internal Audit	43	59
External Audit	191	191
Trustees' expenses	3	3
Trustees' indemnity insurance	6	6
Trustees' conference & meeting costs	32	32
Apportionment of Directors' costs (Based on time spent)	115	156
Company secretariat	345	307
	735	754
Element contained within support costs	643	657
Other governance costs	92	97
	735	754

9 Staff costs and staff numbers

	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Salaries and wages	44,924	43,206	7,567	6,241
Social security costs	3,567	3,514	703	600
Pension costs	4,047	3,229	1,561	725
	52,538	49,949	9,831	7,566

Total redundancy cost for 2016 was £3,473,419 for the Group (2015: £789,178) and £49,715 for the Charity (2015: £133,128). This is mainly due to the closure of Age UK Training and the creation of Age UK Trading CIC which led to a number of redundancies, including two Executive Directors. As at 31 March 2016 there are 2,196 staff members in the defined contribution scheme (2015: 2,302 members)

The average number of employees, calculated on a full time basis

	Group 2016	Group 2015
Age UK Trading companies	1,651	1,675
Charity	203	171
	1,854	1,846

Some employees within the Age UK Trading companies provide support services to the Group, including the Charity. This increase in staff working in the Charity mainly reflects the transfer of Fundraising staff into the Charity.

Number of staff receiving salaries above £60,000	Charitable activities 2016	Trading activities 2016	Total Group 2016	Total Group 2015
£60,000 - £70,000	6.3	6.7	13.0	15.0
£70,001 - £80,000	5.2	6.8	12.0	11.0
£80,001 - £90,000	4.1	5.9	10.0	9.0
£90,001 - £100,000	3.3	2.7	6.0	4.0
£100,001 - £110,000	0.9	1.1	2.0	1.0
£110,001 - £120,000	0.0	2.0	2.0	2.0
£120,001 - £130,000	0.0	0.0	0.0	2.0
£130,001 - £140,000	0.5	0.5	1.0	0.0
£140,001 - £150,000	0.0	1.0	1.0	1.0
£150,001 - £160,000	0.0	0.0	0.0	0.0
£160,001 - £170,000	0.0	0.0	0.0	1.0
£170,001 - £180,000	0.0	0.0	0.0	0.0
£180,001 - £190,000	0.0	0.0	0.0	1.0
£190,001 - £200,000	0.5	0.5	1.0	0.0
Total banded employees	20.8	27.2	48.0	47.0

There are a number of staff in Age UK who provide support to both the charitable and trading activities of the Age UK 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 48 FTE staff who received a salary of more than £60,000 in 2016, was divided between the charitable and trading activities of the Group.

The table shows that no-one whose work was exclusively charitable was paid more than £100,000. Of the 7 FTE staff who were paid more than £100,000, 72% 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 £580,731 (2015: £113,656) to staff receiving salaries of over £60,000. This amount includes redundancy payments to two Executive Directors as noted below.

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 page 71).

There was a net reduction of one Executive Director during the year – two Executive Directors left and one joined. Both of them are therefore included in the note above. There is close to a full year's costs for the two departing Executive Directors in the 2016 figures as they left in early 2016 (see page 71).

Remuneration in respect of Executive Directors, including pension costs was £1,447,766 (2015: £1,260,124).

10 Trustee emoluments

The Trustees received no remuneration for their services to the Charity. The aggregated amount of expenses reimbursed to 10 Trustees during the year was £4,404 (2015: £10,404, 15 Trustees).

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

Indemnity insurance is provided for Trustees, premiums paid during the year totalled £4,785 (2015: £3,272, 9 Trustees).

11 Net income

This is stated after charging:

	2016 £'000	2015 £'000
Depreciation & amortisation of tangible and intangible fixed assets	1,646	3,465
Trustees' indemnity insurance	5	6
Trustees' reimbursed expenses	4	3
Interest payable	116	69
External Auditors' remuneration:		
Audit of these financial statements	80	75
Audit of subsidiary companies	89	116
Tax compliance	42	34
All other services	145	92
Operating lease rentals – buildings	8,342	8,493
Operating lease rentals – other	361	320

12 Tangible fixed assets

The Group

	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	7,544	11,722	11,334	583	11,911	43,094
Additions in year	0	740	218	0	2,091	3,049
Disposals in year	0	(802)	(537)	(253)	(1,036)	(2,628)
Revaluation gain	3,498	0	0	0	0	3,498
At 31 March 2016	11,042	11,660	11,015	330	12,966	47,013
Depreciation						
Balance brought forward	(166)	(314)	(7,305)	(583)	(6,419)	(14,787)
Charge for the year	(119)	(178)	(934)	0	(1,064)	(2,295)
Disposals in year	0	38	499	253	960	1,750
Depreciation written out upon Revaluation	211	0	0	0	0	211
Impairment losses	0	(163)	0	0	24	(139)
At 31 March 2016	(74)	(617)	(7,740)	(330)	(6,499)	(15,260)
Net book value						
At 31 March 2016	10,968	11,043	3,275	0	6,467	31,753
Net book value						
At 31 March 2015	7,378	11,408	4,029	0	5,492	28,307
Historic net book value						
At 31 March 2016	1,380	8,511	3,275	0	6,466	19,632

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	6,286	11,722	11,083	583	5,854	35,528
Additions in year	0	740	218	0	1,962	2,920
Disposals in year	0	(802)	(286)	(253)	0	(1,341)
Revaluation gain	3,498	0	0	0	0	3,498
At 31 March 2016	9,784	11,660	11,015	330	7,816	40,605
Depreciation						
Balance brought forward	(119)	(314)	(7,119)	(583)	(3,226)	(11,360)
Charge for the year	(96)	(178)	(907)	0	(649)	(1,830)
Disposals in year	0	39	286	253	0	577
Depreciation written out upon Revaluation	211	0	0	0	0	211
Impairment losses	0	(163)	0	0	0	(163)
At 31 March 2016	(3)	(617)	(7,740)	(330)	(3,876)	(12,565)
Net book value						
At 31 March 2016	9,781	11,043	3,275	0	3,941	28,040
Net book value						
At 31 March 2015	6,167	11,408	3,964	0	2,628	24,167
Historic net book value						
At 31 March 2016	1,103	8,511	3,275	0	3,941	16,830

Revaluation

Freehold and long leasehold properties were valued as at 31 March 2016 by qualified valuers, Countrywide Chartered Surveyors, Savills Chartered Surveyors and Nigel Stone Surveyors. Properties with a historical net book value of £1,035,651 and pre-revaluation net book value of £6,002,679 were revalued by £3,709,321 to a fair value of £9,712,000.

Impairment loss

The valuation at 31 March 2016 led to a total impairment loss of £163,290 being recognised on those Gifted Housing assets valued lower than their net book value.

Depreciation charge for the year for leased assets

The Group	Total
Depreciation charge for the year	1,753
Net book value	809
The Charity	Total
Depreciation charge for the year	0
Net book value	0

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

	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Fixed Assets building value				
Freehold interest, including gifted housing	15,944	13,801	15,069	12,902
Long leaseholds	630	278	630	278
	16,574	14,079	15,699	13,180
Fixed Assets land value				
	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Freehold interest, including gifted housing	5,437	4,707	5,125	4,395

13 Investments

	Listed and Unlisted Investments £'000	Investment property £'000	Group £'000	Shares in Subsidiary undertaking £'000	Charity £'000
Market value at 1 April 2015	33,338	208	33,546	127	33,673
Additions	821	-	821	-	821
Disposals	(671)	-	(671)	(127)	(798)
Realised gain/(loss) on disposals	238	-	238	-	238
Unrealised revaluation gain/(loss)	(1,641)	67	(1,574)	-	(1,574)
Market value at 31 March 2016	32,085	275	32,360	0	32,360
Historic value at 31 March 2016	30,302	0	30,302	0	30,302

Investment properties are properties acquired either through our Gifted Housing Scheme or received as Legacy income. When these properties are retained by Age UK 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 and Group were valued at 31 March 2016 at open market value by Berrys. The Charity's investment in Shares in Subsidiary Undertakings were reduced to its £2 investment in Age UK Trading CIC as other subsidiaries, all dormant or non-trading, were transferred at book value to the ownership of Age Concern Holdings Ltd in the year.

Listed and unlisted investments comprise the following:

	2016 £'000	2015 £'000
Sarasin & Partners Long and Short Term Investments:		
Listed Investments		
– Sterling fixed interest	10,481	10,151
– UK equities	4,885	5,134
– Global equities	5,800	5,600
– Property	261	183
– Alternative assets	5,788	5,508
	27,215	26,576
Unlisted investments		
– Liquid assets	2,730	4,533
Total long and short term investments	29,945	31,109
Endowment funds:		
JP Morgan		
– UK equity fund for charities	1,246	1,360
– Bond fund for charities	743	773
Sarasin & Partners		
– Sterling fixed interest	13	14
– UK equities	70	72
	2,072	2,219
Other listed investments:		
– Other investments	68	10
Total value of listed and unlisted investments	32,085	33,338
Total value of listed investments	29,355	28,805
Total value of unlisted investments	2,730	4,533
Joint venture		
Share of assets		
Share of fixed assets	0	28
Share of current assets	0	210
	0	238
Share of liabilities		
Liabilities due within one year or less	0	(234)
Share of net assets	0	4

The Group includes the following subsidiary trading companies:

	Subsidiary undertaking	Principal activities	Ownership %
Trading subsidiaries:	Subsidiaries of Age UK		
	Age International	To raise funds for, and carry out Age UK's international charitable work	100*
	Age UK Trading CIC	Provision of staff and management of charity shops, and affinity products	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
	Aid-Call Ltd	Personal emergency response systems	100
	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:	Subsidiaries of Age UK		
	Help the Aged		100
	Subsidiaries of Age Concern Holdings Ltd		
	Age Concern Ltd		100
	Age Concern Trading CIC 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
	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			
HtA Solutions Ltd		100	
Age UK Holidays		100	

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

*75% prior to May 2016

14 Stock

	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Finished goods and goods for resale	534	612	0	0
	534	612	0	0

15 Debtors

	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Trade debtors	9,615	7,677	1,119	1,174
Amounts due from group undertakings	-	-	4,330	1,863
Other debtors	1,648	3,030	919	823
Prepayments and accrued income	11,639	9,475	9,941	7,489
Gift aid to parent	-	-	11,124	12,805
	22,902	20,182	27,433	24,154

16 Creditors: amounts falling due within one year

	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Trade creditors	(4,153)	(5,021)	(1,861)	(2,679)
Amounts due to group undertakings	(80)	(218)	(17,000)	(10,683)
Tax and social security payable	(1,559)	(1,554)	(958)	(1,023)
Short term grants	(550)	(835)	(550)	(835)
Other creditors	(728)	(438)	(535)	(325)
Finance leases	(627)	(762)	0	-
Accruals and deferred income	(15,178)	(16,073)	(3,611)	(8,020)
	(22,875)	(24,901)	(24,515)	(23,565)

Amounts due to group undertakings, includes amounts due to joint ventures of £80,010 (2015: £217,730).

The movements in deferred income are analysed as follows:

	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Deferred income at 1 April	(3,344)	(2,493)	0	(331)
Amounts released from previous years	3,344	2,493	0	331
Incoming resources deferred in the year	(6,298)	(3,344)	(44)	0
Deferred income at 31 March	(6,298)	(3,344)	(44)	0

Deferred income as at 31 March 2016 is mainly made up of the following items: Advanced Commission £4,000,000 (2015: £nil), sale of lottery tickets for future draws £1,129,211 (2015: £1,151,788), prepaid alarm monitoring services £957,866 (2015: £902,057).

17 Creditors: amounts falling due after one year

	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Long term grants	0	(66)	0	(66)
Other creditors after one year	(8)	(8)	(8)	(8)
Finance leases	(1,156)	(1,117)	0	-
Rent free period after one year	(1,693)	(1,935)	(1,693)	(1,935)
Deferred income after one year	(167)	(144)	0	-
	(3,024)	(3,270)	(1,701)	(2,009)
	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Creditors due after one year:				
1-2 years	(496)	(803)	(329)	(658)
2-5 years	(2,053)	(2,055)	(897)	(939)
Over 5 years	(475)	(412)	(475)	(412)
	(3,024)	(3,270)	(1,701)	(2,009)

Of the total finance leases, £626,885 (2015: £761,963) is due within 1 year and £1,059,572 (2015: £1,116,437) is due within 1-2 years.

18 Provisions for liabilities and charges

	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Provisions at 1 April	(9,194)	(5,588)	(7,301)	(4,663)
Utilised in the year	7,581	3,499	6,815	3,499
Charged to statement of financial activities	(10,404)	(7,105)	(5,389)	(6,137)
Provisions at 31 March	(12,017)	(9,194)	(5,875)	(7,301)

	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Provisions due within one year	(7,272)	(4,618)	(1,130)	(2,725)
Provisions due more than one year	(4,745)	(4,576)	(4,745)	(4,576)
	(12,017)	(9,194)	(5,875)	(7,301)

The provision for liabilities and charges as at 31 March 2016 is made up of the following:

- To cover Age UK's commitment to provide care and property maintenance for beneficiaries who have donated real estate to the Charity £4,625,177 (2015: £4,576,020). This is a long term provision updated at each year end.
- Provision for discontinued activities £3,017,600 (2015: £nil). Expense has been incurred in full during the first six months of FY16/17.
- Restructuring costs and other provisions relating to group reorganisations £1,831,947 (2015: £2,000,000). Related expense will be incurred by the end of December 2016.
- Insurance policy cancellations and lapses £1,126,256 (2015: £1,126,256). This provision is re-assessed on an annual basis.
- Holiday pay provision £932,116 (2015: £1,119,411). This represents outstanding holiday pay at year end. The prior year has been restated.
- Property maintenance and repairs where there is a current obligation £254,433 (2015: £234,671). Expense to be incurred in FY16/17.
- Partner loans £120,000 (2015: £120,000). This is a long term provision with cost to be incurred in April 2018.
- Legacy provision £102,802 (2015: £nil) against legacies deemed doubtful. Expense to be incurred in FY16/17.
- Retail gift aid provision £6,495 (2015: £17,234). Expense will be incurred in the course of FY16/17.

19 Movement in funds – The Group

	31 March 2015 £'000	Incoming Resources £'000	Outgoing resources £'000	Unrealised gains and losses £'000	Transfers £'000	31 March 2016 £'000
Endowed Funds						
Charity of C E Saunders	966	0	0	(66)	0	900
Gillingham	1,062	0	0	(72)	0	990
Miss E Lipson Trust	169	0	(0)	(7)	0	162
ACE Legacy Endowment Fund	50	0	0	0	0	50
Total Endowed Funds	2,247	0	(0)	(145)	0	2,102
Restricted Funds United Kingdom						
Information and Advice	45	633	(399)	0	12	291
Health and care	(33)	1,285	(1,351)	0	(82)	(181)
Wellbeing	1,158	4,387	(4,951)	0	25	619
Supporting the network	1,134	163	(493)	0	(244)	560
Campaigning and research	(169)	1,314	(1,099)	0	(9)	37
Total United Kingdom	2,135	7,782	(8,292)	0	(299)	1,326
International						
Development	82	7,132	(7,106)	0	(0)	108
Emergency relief	343	3,027	(2,982)	0	0	388
Other International Projects	0	355	(355)	0	0	0
Total International	425	10,514	(10,443)	0	0	496
Total Restricted Funds	2,560	18,296	(18,735)	0	(299)	1,822
Total Restricted and Endowed Funds	4,807	18,296	(18,735)	(145)	(299)	3,924
Unrestricted Funds						
Fixed asset funds	11,945	0	0	0	0	11,945
Gains on investment assets	1,184	0	0	(1191)	0	(7)
Property revaluation reserve	7,471	0	(22)	3,498	0	10,947
General Funds	27,172	84,691	(75,587)	(2,089)	(4,540)	29,647
Joint Venture	4	412	0	0	(416)	0
Non-Charitable Trading Funds	1,218	64,585	(64,903)	(57)	387	1,230
Unrestricted Funds excluding Pension Liability	48,993	149,688	(140,512)	161	(4,569)	53,761
Pension Reserve	(21,727)	0	(999)	2,146	4,868	(15,712)
Total funds	32,073	167,985	(160,246)	2,162	0	41,973

19 Movement in funds – Age UK the Charity

	31 March 2015 £'000	Incoming resources £'000	Outgoing resources £'000	Unrealised gains and losses £'000	Transfers £'000	31 March 2016 £'000
Endowed Funds						
Charity of C E Saunders	966	0	0	(66)	0	900
Gillingham	1,062	0	0	(72)	0	990
Miss E Lipson Trust	169	0	(0)	(7)	0	162
ACE Legacy Endowment Fund	50	0	0	0	0	50
Total Endowed Funds	2,247	0	(0)	(145)	0	2,102
Restricted Funds United Kingdom						
Information and Advice	45	633	(399)	0	12	291
Health and care	(33)	1,285	(1,351)	0	(82)	(181)
Wellbeing	1,158	4,387	(4,951)	0	25	619
Supporting the network	1,134	163	(493)	0	(244)	560
Campaigning and research	(169)	1,314	(1,099)	0	(9)	37
Total United Kingdom	2,135	7,782	(8,292)	0	(299)	1,326
International						
Development	51	2,519	(2,493)	0	(0)	77
Emergency relief	343	1,937	(1,892)	0	0	388
Other International Projects	0	0	0	0	0	0
Total International	394	4,456	(4,385)	0	(0)	465
Total Restricted Funds	2,529	12,238	(12,677)	0	(299)	1,791
Total Restricted and Endowed Funds	4,776	12,238	(12,677)	(145)	(299)	3,893
Unrestricted Funds						
Fixed asset funds	11,945	0	0	0	0	11,945
Gains on investment assets	1,184	0	0	(1,191)	0	(7)
Property revaluation reserve	8,658	0	0	3,498	0	12,156
General Funds	26,240	84,691	(75,587)	(2,089)	(4,540)	28,715
Unrestricted Funds excluding Pension Liability	48,027	84,691	(75,587)	218	(4,540)	52,809
Pension Reserve	(21,504)	0	(988)	2,089	4,839	(15,564)
Total funds	31,299	96,298	(89,252)	2,162	(0)	41,137

19 Movement in funds – Age International

	31 March 2015 £'000	Incoming resources £'000	Outgoing resources £'000	Unrealised gains and losses £'000	Transfers £'000	31 March 2016 £'000
Endowed Funds						
Charity of C E Saunders	0	0	0	0	0	0
Gillingham	0	0	0	0	0	0
Miss E Lipson Trust	0	0	0	0	0	0
ACE Legacy Endowment Fund	0	0	0	0	0	0
Total Endowed Funds	0	0	0	0	0	0
Restricted Funds United Kingdom						
Information and Advice	0	0	0	0	0	0
Health and care	0	0	0	0	0	0
Wellbeing	0	0	0	0	0	0
Supporting the network	0	0	0	0	0	0
Campaigning and research	0	0	0	0	0	0
Total United Kingdom	0	0	0	0	0	0
International						
Development	31	4,612	(4,612)	0	0	31
Emergency relief	0	1,091	(1,091)	0	0	0
Other International Projects	0	355	(355)	0	0	0
Total International	31	6,058	(6,058)	0	0	31
Total Restricted Funds	31	6,058	(6,058)	0	0	31
Total Restricted and Endowed Funds	31	6,058	(6,058)	0	0	31
Unrestricted Funds						
Fixed asset funds						0
Gains on investment assets						0
Property revaluation reserve						0
General Funds						0
Unrestricted Funds excluding Pension Liability	0	0	0	0	0	0
Pension Reserve	0	0	0	0	0	0
Total funds	31	6,058	(6,058)	0	0	31

20 Analysis of group and charity net assets between funds

	Unrestricted £'000	Restricted and Endowed £'000	2016 Total £'000	2015 Total £'000
The Group				
Fixed Assets				
Tangible fixed assets	31,753	0	31,753	28,307
Investments	30,308	2,052	32,360	33,550
Current assets				
Stock	534	0	534	611
Debtors	22,902	0	22,902	20,182
Cash at bank and in hand	6,179	1,871	8,051	8,513
Liabilities				
Current liabilities	(22,875)	0	(22,875)	(24,900)
Long-term liabilities	(3,024)	0	(3,024)	(3,270)
Provisions for liabilities and charges	(12,017)	0	(12,017)	(9,194)
Defined-benefit pension scheme liability	(15,711)	0	(15,711)	(21,727)
	38,050	3,923	41,973	32,073
The Charity				
Fixed Assets				
Tangible fixed assets	28,040	0	28,040	24,167
Investments	30,309	2,052	32,360	33,673
Current assets				
Stock	0	0	0	0
Debtors	27,433	0	27,433	24,155
Cash at bank and in hand	(882)	1,841	959	3,683
Liabilities				
Current liabilities	(24,515)	0	(24,515)	(23,565)
Long-term liabilities	(1,701)	0	(1,701)	(2,009)
Provisions for liabilities and charges	(5,875)	0	(5,875)	(7,301)
Defined-benefit pension scheme liability	(15,564)	0	(15,564)	(21,504)
	37,244	3,893	41,137	31,299

21 Pension schemes

Cost to the Group	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Defined-benefit schemes				
Age Concern Section	475	571	465	560
Help the Aged Section	525	689	525	689
Total defined-benefit schemes costs	1,000	1,260	990	1,249
Defined-contribution scheme				
Age UK Pension Plan	3,078	2,551	571	673
Pensions cost	4,078	3,811	1,561	1,922

At the beginning of the year the 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 holds an interest in The Pension Trust's Growth Plan. The Plan was used for members wishing to pay Additional Voluntary contributions (AVC) 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% each year in April. For the year ending 31 March 2017 Age UK is expected to pay contributions of £29,724.

The defined-contribution scheme

The Age UK Pension Plan is a Group Personal Pension and the amounts charged to the SOFA for the defined additional 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 2016 included in liabilities due within one year there was an amount of £371,44 due to employer and employee pensions contributions, these were paid across to the pension scheme in April 2016. Age UK's staging date for auto enrolment was 1 September 2013 and a new entry level of employee and employer contributions was introduced. Employees are auto enrolled with an employee contribution of 1% with Age UK paying 4% as an employer contribution. Members have the flexibility to choose a higher level and the employer contribution rate is 8% for employees making a contribution of 3% and the employer contribution is 9% for those employees paying 4% 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 are multi employer schemes and both are closed to new entrants and further 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 2017 Age UK expects to pay contributions of £2.55m, with £1.38m in relation to the Age Concern section and £1.17m 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 was 1 April 2013 and a full actuarial valuation as at 1 April 2016 is currently taking place.

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. Prior year numbers have also been restated on a FRS 102 basis. The overall expected return on assets is calculated as the weighted average of the expected returns on each individual class of asset class. 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

	2016 AC %	2016 HtA %	2015 AC %	2015 HtA %
Inflation assumption (RPI)	3.00	3.00	3.10	3.10
Inflation assumption (CPI)	2.00	2.00	2.00	2.00
Rate of increase in salaries	N/A	3.00	N/A	3.10
Pension increases:				
Rate of increase in payment of pre 2006 pensions	3.00	2.00	3.10	2.00
Rate of increase in payment of post 2006 pensions	2.50	2.00	2.50	2.00
Discount rate	3.40	3.40	3.30	3.30

Principle demographic assumptions at the balance sheet date

	2016 AC years	2016 HtA years	2015 AC years	2015 HtA years
Assumed life expectancies on retirement at age 65:				
Retiring Today – Males	86.9	86.9	87.1	87.1
Retiring Today – Females	88.9	88.9	89.1	89.1
Retiring in 20 years – Males	88.2	88.2	88.4	88.4
Retiring in 20 years – Females	90.4	90.4	90.6	90.6

Allowance has been made for all members to exchange 80% 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 2015 core projections with a long-term rate of improvement of 1% per annum.

Major categories of plan assets**The Group**

	2016 AC £'000	2016 HtA £'000	2016 Total £'000	%	2015 AC £'000	2015 HtA £'000	2015 Total £'000	%
Equities	10,149	11,035	21,184	20.6	10,542	11,382	21,924	21.4
Diversified Growth	10,541	14,419	24,960	24.3	10,759	14,717	25,476	24.8
Property	3,936	0	3,936	3.8	3,527	0	3,527	3.4
Gilts and Bonds	25,218	25,045	50,263	48.9	24,683	26,017	50,700	49.4
Cash	494	2,024	2,518	2.4	525	420	945	0.9
	50,338	52,523	102,861	100	50,036	52,536	102,572	100

The Charity

Equities	9,941	11,035	20,976	20.6	10,326	11,382	21,708	21.4
Diversified Growth	10,325	14,419	24,744	24.3	10,538	14,717	25,255	24.9
Property	3,855	0	3,855	3.8	3,455	0	3,455	3.4
Gilts and Bonds	24,701	25,045	49,746	48.9	24,177	26,017	50,194	49.4
Cash	484	2,024	2,508	2.4	515	420	935	0.9
	49,306	52,523	101,829	100	49,011	52,536	101,547	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

	2016 AC £'000	2016 HtA £'000	2016 Total £'000	2015 AC £'000	2015 HtA £'000	2015 Total £'000
The Group						
Fair value of assets	50,338	52,523	102,861	50,036	52,536	102,572
Present value of funded defined benefit obligations	(57,538)	(61,034)	(118,572)	(60,895)	(63,404)	(124,299)
Funded status	(7,200)	(8,511)	(15,711)	(10,859)	(10,868)	(21,727)
Liability recognised on the balance sheet	(7,200)	(8,511)	(15,711)	(10,859)	(10,868)	(21,727)
The Charity						
Fair value of assets	49,306	52,523	101,829	49,011	52,536	101,547
Present value of funded defined benefit obligations	(56,359)	(61,034)	(117,393)	(59,647)	(63,404)	(123,051)
Funded status	(7,053)	(8,511)	(15,564)	(10,636)	(10,868)	(21,504)
Liability recognised on the balance sheet	(7,053)	(8,511)	(15,564)	(10,636)	(10,868)	(21,504)

Amounts recognised in the income statement

	2016 AC £'000	2016 HtA £'000	2016 Total £'000	2015 AC £'000	2015 HtA £'000	2015 Total £'000
The Group						
Operating cost						
Administration expenses	163	201	364	229	249	478
Interest on net defined liability	312	324	636	342	440	782
Pension expense recognised in profit and loss	475	525	1,000	571	689	1,260
The Charity						
Operating cost						
Administration expenses	160	201	361	224	249	473
Interest on net defined liability	305	324	629	336	440	776
Pension expense recognised in profit and loss	465	525	990	560	689	1,249

Amounts recognised in other comprehensive income

	2016 AC £'000	2016 HtA £'000	2016 Total £'000	2015 AC £'000	2015 HtA £'000	2015 Total £'000
The Group						
Asset (losses) / gains arising during the year	(1,609)	(1,870)	(3,479)	3,616	4,408	8,024
Liability gains / (losses) arising during the year	2,943	2,682	5,625	(6,856)	(5,435)	(12,291)
Pension expense recognised in profit and loss	1,334	812	2,146	(3,240)	(1,027)	(4,267)
The Charity						
Asset (losses) / gains arising during the year	(1,606)	(1,870)	(3,476)	3,549	4,408	7,957
Liability gains / (losses) arising during the year	2,883	2,682	5,565	(6,715)	(5,435)	(12,150)
Pension expense recognised in profit and loss	1,277	812	2,089	(3,166)	(1,027)	(4,193)

Change in the fair value of scheme assets

	2016 AC £'000	2016 HtA £'000	2016 Total £'000	2015 AC £'000	2015 HtA £'000	2015 Total £'000
The Group						
Opening fair value of Scheme assets	50,036	52,536	102,572	45,194	47,028	92,222
Interest income on Scheme assets	1,658	1,739	3,397	2,021	2,099	4,120
(Losses)/Gains on Scheme assets	(1,609)	(1,870)	(3,479)	3,616	4,408	8,024
Employer contributions	2,800	2,070	4,870	1,090	1,269	2,359
Net benefits paid	(2,384)	(1,751)	(4,135)	(1,656)	(2,019)	(3,675)
Administration costs incurred	(163)	(201)	(364)	(229)	(249)	(478)
Closing fair value of Scheme assets	50,338	52,523	102,861	50,036	52,536	102,572
The Charity						
Opening fair value of Scheme assets	49,011	52,536	101,547	44,268	47,028	91,296
Interest income on Scheme assets	1,625	1,739	3,364	1,979	2,099	4,078
(Losses)/Gains on Scheme assets	(1,606)	(1,870)	(3,476)	3,549	4,408	7,957
Employer contributions	2,771	2,070	4,841	1,061	1,269	2,330
Net benefits paid	(2,335)	(1,751)	(4,086)	(1,622)	(2,019)	(3,641)
Administration costs incurred	(160)	(201)	(361)	(224)	(249)	(473)
Closing fair value of Scheme assets	49,306	52,523	101,829	49,011	52,536	101,547

Actual return on scheme assets

	2016 AC £'000	2016 HtA £'000	2016 Total £'000	2015 AC £'000	2015 HtA £'000	2015 Total £'000
The Group						
Interest income on Scheme assets	1,658	1,739	3,397	2,021	2,099	4,120
(Losses)/gains on scheme assets	(1,609)	(1,870)	(3,479)	3,616	4,408	8,024
Actual return on Scheme assets	49	(131)	(82)	5,637	6,507	12,144
The Charity						
Interest income on Scheme assets	1,625	1,739	3,364	1,979	2,099	4,078
(Losses)/gains on scheme assets	(1,606)	(1,870)	(3,476)	3,549	4,408	7,957
Actual return on Scheme assets	19	(131)	(112)	5,528	6,507	12,035

Change in the present value of the defined benefit obligation

	2016 AC £'000	2016 HtA £'000	2016 Total £'000	2015 AC £'000	2015 HtA £'000	2015 Total £'000
The Group						
Opening defined benefit obligation	60,895	63,404	124,299	53,332	57,449	110,781
Interest expense on defined benefit obligation	1,970	2,063	4,033	2,363	2,539	4,902
Contributions by Scheme members	-	-	-	-	-	-
Actuarial (gains)/losses arising on scheme liabilities	(2,943)	(2,682)	(5,625)	6,856	5,435	12,291
Net benefits paid	(2,384)	(1,751)	(4,135)	(1,656)	(2,019)	(3,675)
Closing defined benefit obligation	57,538	61,034	118,572	60,895	63,404	124,299
The Charity						
Opening defined benefit obligation	59,647	63,404	123,051	52,239	57,449	109,688
Interest expense on defined benefit obligation	1,930	2,063	3,993	2,315	2,539	4,854
Contributions by Scheme members	-	-	-	-	-	-
Actuarial (gains)/losses arising on scheme liabilities	(2,883)	(2,682)	(5,565)	6,715	5,435	12,150
Net benefits paid	(2,335)	(1,751)	(4,086)	(1,622)	(2,019)	(3,641)
Closing defined benefit obligation	56,359	61,034	117,393	59,647	63,404	123,051

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.

24 Operating lease commitments

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

	2016 £'000	2015 £'000
Within one year	7,392	8,390
Within one to five years	14,117	17,512
After five years	1,906	3,999
	23,415	29,901

25 Contingent liabilities and capital commitments

Age UK hold an interest in The Pension Trust's Growth Plan. The Plan was used for members wishing to pay Additional Voluntary contributions (AVC) 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 the end of September 2014 Age UK's deficit share 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 intended 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 2017 Age UK is expected to pay contributions of £29,724.

There were no capital commitments at 31 March 2016 (2015: £nil).

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 70.

27 Related Party Transactions

All members of the Age UK Group are listed in Note 12. Trustee emoluments and transactions are disclosed in Note 9. Age Scotland Enterprises Limited and Age NI Enterprises Limited are joint ventures where 50% of the ownership is held by Age UK Enterprises Limited. During the year the following transactions were carried out with Age Scotland Enterprises Limited: All of the income of Age Scotland Enterprises Limited amounting to £1,520,079 (2015: £1,491,855) represents commission which is collected by Age UK Enterprises Limited. At 31 March 2016 an amount of £124,499 (2013: £191,955) was due to Age Scotland Enterprises Limited from Age UK Enterprises Limited. During the year the following transactions were carried out with Age NI Enterprises Limited: Age NI Enterprises Limited earned £318,071 (2015: £303,770) of commission from Age UK Enterprises Limited. At 31 March 2016 an amount of £20,919 (2015: £14,277) was due from Age NI Enterprises to Age UK Enterprises Limited. There are no other related party transactions.

28 Post balance sheet events

On 4 August 2016, the Trustees of Age UK approved a proposal from the directors of Age UK's wholly-owned subsidiary, Age UK Trading CIC, to sell the Aid-Call business, which provides a personal alarm service, to AXA PPP healthcare Limited, generating a net gain on disposal of around £13.4 million.

The Trustees of Age UK also approved that Age UK Trading CIC enter into a partnership with AXA PPP healthcare Limited under which Age UK Trading CIC will continue to promote the sale of personal alarms on behalf of AXA PPP healthcare Limited.

The decision to divest followed a strategic review of all of Age UK Trading CIC's activities in 2015, which sought to simplify Age UK Trading's range of products and services and, in respect of Aid-Call Limited, recognised the significant investment that would be required to deliver the next generation of personal alarm technology to customers. The sale followed a robust selection and assurance process to ensure that current and future customers would continue to receive the same high quality service. As required by Age UK, robust contractual requirements are in place to guarantee the quality of the service and customer safety.

In a separate but related transaction, the Trustees also approved a proposal from the directors of another Age UK wholly-owned subsidiary, Age UK Enterprises Limited, on the sale of Linhay House also to AXA PPP healthcare Limited for £0.98million and an associated lease entitling Age UK to continue operating out of space in Linhay House for at least the next three years.

In order to effect an orderly transfer of Aid-Call's operations to AXA PPP healthcare Limited, Age UK Trading CIC and AXA PPP healthcare Limited have entered into a transitional services agreement whereby Age UK Trading CIC will continue to provide back office support activities (information technology and human resource support) to Aid-Call in exchange for a monthly service fee for up to a period of nine months.

Trustees and executives will invest the net cash proceeds to further the charitable objectives of Age UK and to secure new and sustainable income streams.

29 Subsidiary undertakings

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

- Age UK Enterprises Limited: Provides insurance services and other products for older people.
- Aid-Call Limited: Provides personal alarm systems for people at risk.
- Age UK Trading CIC: Provides Age UK with staffing and management for Age UK's charity shops and the sale of bought in goods. Also, until early 2016, the provision of training courses that were sold either to companies, governmental bodies or the general public.
- Age UK Services Limited: Provided Age UK with staffing for fundraising activities and supply of support services to Age UK. This is now done through Age UK Trading CIC and Age UK Services Limited has now ceased trading.
- intune Group Limited: To arrange financial services of particular relevance to older people.
- HelpAge International UK: Raises funds and carries out Age UK's international charitable work.

Profit and loss account

	Age UK Trading CIC £'000	Age UK Services Limited £'000	Age UK Enterprises Limited £'000	Aid-Call Limited £'000	intune Group Limited £'000	HelpAge International UK £'000	Other £'000	Total 2016 £'000	Total 2015 £'000
Turnover	45,003	19,296	45,745	9,307	21	15,093	45	134,511	127,700
Expenditure	(44,937)	(18,693)	(37,749)	(7,210)	(11)	(15,093)	(41)	(123,734)	(114,710)
Profit/(loss) for the year	66	603	7,996	2,097	11	0	4	10,777	12,990
Gift aid to parent under Written Resolution	(119)	(585)	(7,806)	(2,351)	0	0	0	(10,861)	(12,488)
Result for the year transferred to reserves	(53)	18	190	(254)	11	0	4	(85)	502

Balance Sheet

	Age UK Trading Limited £'000	Age UK Services Limited £'000	Age UK Enterprises Limited £'000	Aid-Call Limited £'000	intune Group Limited £'000	HelpAge International UK £'000	Other £'000	Total 2016 £'000	Total 2015 £'000
Total fixed assets	698	0	2,322	1,775	0	0	127	4,922	5,200
Current assets	10,979	2,727	15,683	4,702	40	490	253	34,874	24,256
Total liabilities	(11,406)	(2,690)	(17,182)	(6,012)	(0)	(459)	(0)	(37,749)	(27,498)
Net assets	271	37	823	465	40	31	380	2,047	1,958

30 Grants receivable

Funder	Programme	Project	
Big Lottery Fund	Basic Online Skills	One Digital	£222,737.50
Big Lottery Fund	Accelerating Ideas	Integrated Care	£457,967.00
Big Lottery Fund	Wellbeing Programme	Fit as a Fiddle	£272,805.00
Comic Relief	Older People Grant Programme	Our Rights, Our Voices	£12,500.00
Department of Health	Health and Care Voluntary Sector Strategic Partner Programme	Strategic Partnership	£150,000.00
Department of Health	Prime Minister's Challenge on Dementia	Dementia Services Survey	£35,000.00
European Commission	Grundtvig	Engaging the Older Old	£2,926.00
European Commission	Horizon 2020	Heatshield	£25,014.54
European Commission	European Instrument for Democracy and Human Rights Programme	Elder Rights in the Ukraine	£7,903.13
Nesta	Social Action Innovation Fund	Integrated Care	£170,000.00
Sport England	Inclusive Sport	Inspire & Include	£352,510.00
Sport England	Get Healthy, Get Active	Richmond Group Partnership Post	£100,000.00

31 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Group's first financial statements prepared in accordance with FRS 102. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). The impact of these adjustments is shown here:

	Group 2015 £'000	Group 2014 £'000
Total funds as at 31st March (previously reported)	29,719	27,645
FRS 102 Holiday Pay provision	(1,119)	(1,057)
FRS 102 Legacies Accrual adjustment	3,473	6,513
Total funds as at 31st March	32,073	33,101
Net movement in funds (previously reported)	2,074	
FRS 102 Holiday Pay provision	(62)	
FRS 102 Legacies Accrual adjustment	(3,040)	
Net movement in funds as at 31st March	(1,028)	

Legal and administrative details

Royal Patron

His Royal Highness the Prince of Wales KG KT GCB

Trustees	ARC ³	RNC ⁴	SFC ⁵
Dianne Jeffrey CBE DL (Chairman)		■	■
Jeremy Greenhalgh (Deputy Chairman)			■
John Briers (until 20/08/15)	■		
Lawrence Churchill CBE (from 21/05/15)	■		
Dr Bernadette Fuge OBE			
Timothy Hammond		■	■
Chris Hughes		■	■
David Hunter	■*		
Dr Christina Townsend JP (from 21/05/15)	■		
Simon Waugh		■	■
Nick Wilkinson			■

*(until February 2016)

Independent Committee Members	ARC
Graham Berville (until 31/12/15)	■
Hitesh Tailor	■

³ ARC – denotes that the Trustee or Independent Committee Member was a member of the Audit and Risk Committee

⁴ RNC – denotes that the Trustee was a member of the Remunerations and Nominations Committee

⁵ SFC – denotes that the Trustee was a member of the Strategic Finance Committee

Executive Directors of Age UK

Tom Wright CBE,
Group Chief Executive

Caroline Abrahams,
Charity Director

Rajeev Arya,
Chief Financial Officer

Caroline Bendelow,
People and Performance Director

Pam Creaven,
Services Director

Ian Foy,
Managing Director of Age UK Trading
CIC (from 11/15)

Stephanie Harland,
Deputy Group Chief Executive
(from 06/16 – Group Affairs Director
prior to 06/16)

Esther Jackson,
Group Marketing and
Fundraising Director

Chris Roles,
Managing Director of
Age International

Gordon Morris,
Managing Director of Age UK
Enterprises (until 04/16)

Hugh Forde,
Managing Director of Retail,
Trading and Training (until 02/16)

Professional Advisers

Bankers

Barclays Corporate, 1 Churchill Place,
London, E14 5HP

Internal auditors

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

External auditors

KPMG LLP, 1 Forest Gate,
Brighton Road, Crawley, RH11 9PT

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	Disasters Emergency Committee (DEC)	Leeds Building Society	Scottish and Southern Energy Power Distribution
AARP	Edith Murphy Foundation	Legal & General	Sport England
Apetito	E.ON	Lloyds Bank Foundation for England and Wales	Stavros Niarchos Foundation
Aviva	ENGIE (formerly GDF Suez)	LV=	Tudor Foundation
The Balcombe Charitable Trust	European Commission (EC)	Manning Gottlieb OMD	The Ulverscroft Foundation
Barclays	The Evan Cornish Foundation	The Mercers Charitable Foundation	UNHCR
The Beatrice Laing Trust	Eveson Charitable Trust	Metropolitan Housing Association	UNOCHA
Big Lottery Fund	The Exilarch's Foundation	Milton Damerel Trust	UNOPS/LIFT
Bloomberg	First Utility	Nationwide	UK Aid
British Gas	The Foster Wood Foundation	Nesta	UK Mail
British Gas Energy Trust	GSK	Nuffield Health	UK Power Networks
Bupa	Gwyneth Forrester Trust	Oak Foundation	The Will Charitable Trust
The Burdett Trust for Nursing	HSBC	Oliver Bonas	Williams Lea
Cecil and Hilda Lewis Charitable Trust	Handicare	Peacock Charitable Trust	Wiltshire Farm Foods
Centrica Plc	innocent	Premier Foods	Zurich Community Trust
Churchill Retirement Living	International Association of Homes and Services for the Ageing (IAHSA)	Prudential Group	
Comic Relief	J.P. Morgan	Prudential UK & Europe	
Common Humanitarian Fund	The John and Sally Reeve Charitable Trust	RBS	
Darfur Community Peace and Stability Fund	John Lewis Partnership	Results International	
Department of Health	Just Retirement Solutions	The Roger De Haan Charitable Trust	
The D G Charitable Settlement	The Lake House Charitable Foundation	Rosetrees Trust	
Dignity Pre Arrangement Ltd	Kennedys Law	Rothesay Life	
	The Kirby Laing Foundation	RSA	
		Santander	
		The Schroder Foundation	

We'd love your support

You can help Age UK in many ways.



Donate



Volunteer



Fundraise



Campaign

To find out more about how you can get involved with Age UK visit www.ageuk.org.uk/support or call **0800 169 87 87**.

Age UK
Tavis House
1-6 Tavistock Square
London WC1H 9NA

0800 169 80 80
www.ageuk.org.uk

Age UK is a charitable company limited by guarantee and registered in England and Wales (registered charity number 1128267 and registered company number 6825798). Registered address: Tavis House, 1-6 Tavistock Square, London, WC2H 9NA. Age UK and its subsidiary companies and charities form the Age UK Group, dedicated to helping more people love later life. ID ID203204 12/16