



Report of Trustees
and Annual
Accounts 2017/18

Welcome to our annual report

Age UK is here to make sure every older person is respected, protected and treated with the dignity they deserve.

We work in the UK, nationally and locally, and in developing countries around the world through our sister charity Age International.

What we do changes lives. Too many older people feel they have no one to turn to for support. We exist to help older people when they need us the most.

We speak out on the issues that matter the most to people as they get older because everyone deserves dignity, care and respect as we age, and we should all be listened to.

We're a friendly voice on the end of the phone helping older people navigate the complexities of later life.

We support work in local communities that can be a lifeline, like dance classes, being guided through a benefit application or a handy person helping to make a home safer and warmer.

And we work to help older people in some of the world's poorest places, where people are suffering as they age because of poverty, ageism and a lack of support.

What we do wouldn't be possible without the generosity of our supporters, volunteers, campaigners and local and national partners. That support, no matter how large or small helps us make a big difference to people's lives.

Thank you.

This report describes the activities of Age UK, our subsidiary charities and trading companies. We also refer 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

Message from our Chair and CEO	4
--------------------------------	---

Strategic Report

How we work	7
Why we exist	8
The story of our year	13
How we raised our money	14
How we spent our money	15
Our plans	16

Our progress:

• We campaign and research	18
• We provide information and advice	22
• We deliver and transform health and care services	26
• We deliver and transform wellbeing services	30
• We support the Age UK network	34
• We work internationally	38

Our people and our organisation	42
Our fundraising	46
Our trading	50
Financial review	52
Funding and finance	56
Internal control and risk	58
Governance	62
Trustees, Executive Directors and Professional Advisers	66
Further information	68
Statement of Trustees' responsibilities	69

Independent auditors' report

Report to the members of Age UK	71
---------------------------------	----

Financial statements

Group statement of financial activities	74
Balance sheet	75
Group cash flow statement	76
Notes to the financial statements	78

Thank you	110
-----------	-----

Introduction from the Chair and CEO

This report explains how Age UK has helped older people in the UK and around the world this year, how we work, and the challenges and opportunities we face. In addition to telling Age UK's story in facts and figures the report looks at how we are furthering Age UK's fundamental purpose of promoting the wellbeing of older people; the choices we have made about what work to do; and our views about the priorities that need to shape the charity's work this year and into the future.

To that end, we start this Report with the most important issue currently confronting Age UK, older people and their friends and families, as well as our society: the crisis in how we care for older people who need support with daily living. We are confronting an enormous challenge, driven by the very real and, ostensibly, very positive, demographic change that means we are living longer, coming up against the growing and deepening gap in resources for social care and other local services on which many older people depend, such as district nursing. That we are living longer should be cause for celebration but instead, for 1.4 million older people in England, this means a life in which simple but profoundly important needs, like being able to get out of bed in the morning, washed and dressed, are not being met.¹ This is a sad indictment of our country today.

A long-term NHS Plan is on the way later this year as, we are told, is a Social Care Green Paper. Taken together, these documents are expected to set out proposals for the medium and longer term, including new ways of bringing services together locally to support frail older people to live well at home for as long as possible. But the crisis in support for older people is here and now and what matters to all those suffering today is that they get more help as quickly as possible. For this reason, the decisions the Chancellor of the Exchequer makes in this year's Budget and next

year's Spending Review will be crucial. Age UK will continue to campaign vociferously with and on behalf of the considerable and growing numbers of older people who are not getting the health and care support they need.

Some might suggest that this difficult situation presents an opportunity for charities like Age UK to fill the gap in local services for older people and, indeed, that there is a responsibility on us and others to take it. But this is to misjudge the state of the voluntary sector: most local charities are struggling to sustain their activities because they too are impacted by reduced public resources. Local authority funding streams used to give many local charities the stability they needed to thrive, but these are increasingly a thing of the past and nothing has yet emerged to replace them. As a result, many local charities are in the unenviable position of seeing growing demand, alongside static or reducing resources with which to respond. In addition, where once their service offers might have been 'added extras', in some places they are now all that is really left for older people whose needs are not critically high. We are proud of the enormous contribution local Age UKs continue to make to older people in need and their families in their communities, while also acutely conscious of how difficult the context within which they are operating has become.

Today therefore, more than ever, Age UK relies on the British public's deeply held commitment to charitable giving, as do other charities up and down the country. However, as we all know, public trust in charities, particularly in large national bodies like Age UK, has diminished. Part of our response to this at Age UK is to redouble our efforts to demonstrate the positive impact that our work has on our beneficiaries; in doing so we aim to show that we are excellent stewards of the money our supporters entrust to us and that everything we do is underpinned by strong values and principles.

It is traditional to end these introductions with a thank you to everyone involved in our work, but it is impossible to truly convey the depth of our appreciation in a few words. That Age UK wouldn't exist without you is a simple truth. Please continue to support us and work with us to build a better world for older people, one in which we can all realise the potential of our longer lives.

With best wishes,



Brian Pomeroy

Sir Brian Pomeroy, Chair



Steph Harland

Steph Harland, Chief Executive

We would like to thank our founding Chairman, Dianne Jeffrey CBE DL (term 2009/18), and founding Chief Executive, Tom Wright CBE (term 2008/17), for their significant contribution to Age UK, the Age UK network, Age International, and the millions of older people our work supports in the UK and around the world.

Strategic Report



How we work

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 millions of people every year, providing support, companionship and advice for older people who need it the most. We are a strong voice, campaigning with and for older people to champion their rights, needs and wishes.

We are local

We work as part of the Age UK network – a partnership of independent charities which include Age UK; our national partners Age NI, Age Scotland and Age Cymru and their six local Age Cymrus; over 140 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).



We help millions of people every year, providing support, companionship and advice for older people who need it the most.

Our work is focused on six key areas of charitable activity

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

It's shaped by the values that matter the most to us

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

And by what older people tell us matter to them

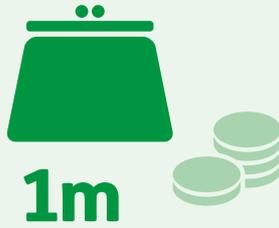
We want to ensure that our work is informed by what older people tell us. We create opportunities for people in later life to have a voice on many strands of Age UK's work – we listen to older people's thoughts on the issues which matter the most to them, we campaign alongside older people and we have sounding boards of older people to be involved in and to inform our policy, service development and fundraising.

Why we exist

The situation facing older people



Campaigning and research



1m

1 million pensioners in the UK live in severe poverty.²



The social care crisis is costing the NHS over **£500 per minute**.³



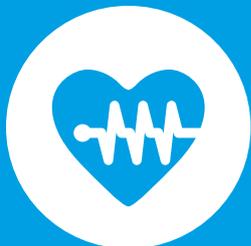
Provide information and advice



£3.8 billion in Pension Credit and Housing Benefit goes unclaimed by older people every year.⁴



37% of older people who are not online are unaware of any providers of advice.⁵



Deliver and transform health and care services



Nearly 1,000 older people are being admitted to hospital each day for conditions that should not require a hospital admission.⁶



Only about one-third of people aged 50+ are confident that older people receiving care services are treated with dignity and respect.⁷

What we do

Achievements in 2017/18

We campaign on the issues that older people tell us matter to them to help make life better for older people today and tomorrow.



150
older people
and carers

150 older people and carers took part in social care focus groups to share their experiences with politicians.

25 million people reached on social media through our 'No one should have no one' campaign.



We provide expert, impartial information and advice on all areas of later life, through our national advice line, our website, and by supporting our local partners to give face-to-face advice.



The Age UK network dealt with **7.5 million** enquiries.



200,000

Our Advice Line responded to over **200,000** enquiries.

We put older people in control of the care they receive and share best practice to push for higher quality services.



Launched our Person-Centred Integrated Care model in **five new areas**.



10% increase in wellbeing for participants in our Person-Centred Integrated Care programme.

The situation facing older people



Deliver and transform wellbeing services



Meaningful engagement with the world around you contributes to **more than 20%** of older people's feelings of wellbeing.⁸



x15

Loneliness and isolation can be as harmful to our health as smoking **15 cigarettes a day**.⁹



Support the Age UK network



2.5m

Over 2.5 million older people say they have no one to turn to for help and support.¹⁰



1.4m

1.4 million older people in the UK today are often lonely.¹¹



Work internationally

Three out of four people in the world live without any form of social pension.¹²



26 million older people are affected by natural disasters every year.¹³

What we do

Achievements in 2017/18

We work with our local partners to improve older people's wellbeing and tackle loneliness and isolation. We also run our national Call in Time, telephone friendship service.



14,159 older veterans reached by our Joining Forces programme.



309

An increase of 309 older people receiving friendship calls from our Call in Time service.

We help the Age UK network to raise money and improve the effectiveness and quality of their organisations, so they are in the best possible shape to meet the needs of their community.



£11.8 million in additional income for local Age UKs secured by supporting them with tender bids.

Launched the Age UK Quality Standards which Age UK and all local Age UKs will have to meet by **2020**.



Our sister charity, Age International, helps older people living in some of the poorest places in the world – supporting people to have better incomes, healthier lives and being there for them if disaster strikes.



Through our implementing partner HelpAge International, **426,567** older people received better health and care services in **11** low and middle-income countries.



We provided help to over **420,000** older people through our emergency response work in **13** countries.



The story of our year

Age UK's leadership changed significantly during the year. This began with the departure of some of our founding Trustees at the end of their terms of office, and a warm welcome to new Trustees.

It continued with a fond farewell to our founding Chief Executive, Tom Wright CBE, in September 2017, and the appointment of Steph Harland, in January 2018. More new Trustees joined the Board during the course of the year, in anticipation of the departure of further founding Trustees at the end of the year, very notably our founding Chairman, Dianne Jeffrey CBE DL. During the course of the year, Sir Brian Pomeroy was appointed to succeed Dianne Jeffrey, and took over in February 2018. Dianne Jeffrey also retired as Chair of Age International, and during the course of the year Ann Keeling was recruited as her successor.

The Trustees on Age UK's Remuneration and Nominations Committee have well-developed succession plans, and while the work of recruitment required a lot of additional work for the outgoing Chair and Trustees, the preparation done proved very worthwhile. Founding Trustees, who had joined a newly created organisation in 2009, had good reason to be proud of the level of interest and the calibre of the candidates to join the Board in 2017/18.

The new Board members, very much supported by the outgoing Chair and her successor, have wanted to think deeply about the future, especially given the changing environment in which we are operating. Through the year they worked together with staff to review Age UK's strategy and to develop their own views about the future course of Age UK. There was no time, however, to stand still, and the new Board of Trustees had immediately to grapple with a number of important developments and decisions.

As this Annual Report shows, our income, and therefore our charitable expenditure, has been declining for several years. This has been driven by a significant fall in the unrestricted income made by Age UK's trading subsidiaries, which

it generates by offering financial services and independent living products. The reduction in income is due to decisions we have taken in recent years that have in large part been planned for and accommodated. You can read more about the latest decisions that have affected our income on pages 52 and 53. However, it is undeniable that our income from trading has reduced and that, when we think to the future, we must be ambitious about the opportunities for growing our income while recognising that the environment has changed and that activities that have been successful in the past are not guaranteed to continue to be so in future. We also recognise that we need to make every pound we spend go as far as possible – our income may be lower than it was, but it is still very large and enables us to make a profound difference to the lives of older people.

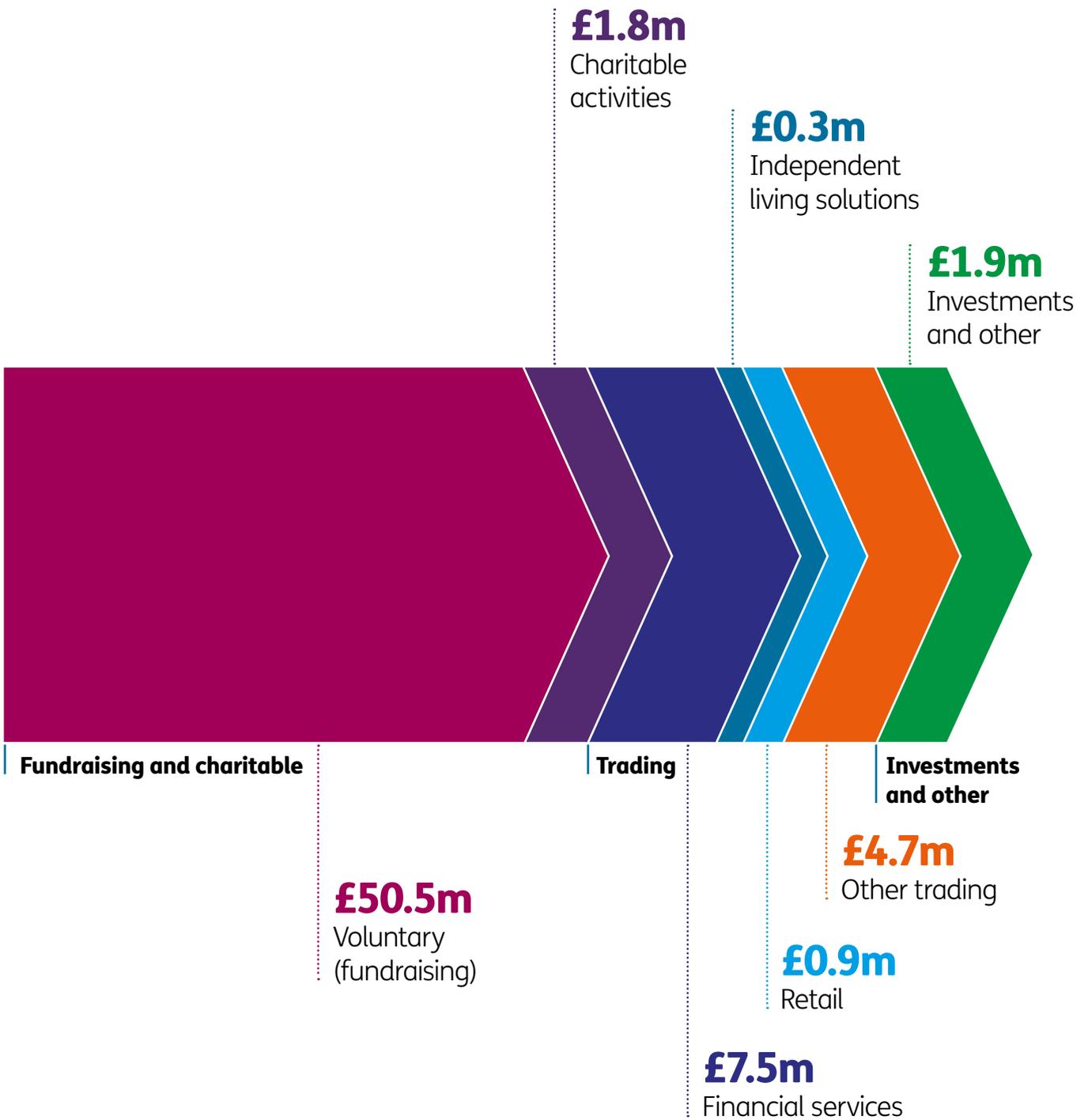
This Annual Report also demonstrates that Age UK was able throughout the year to offer immediate practical support to millions of older people, to innovate and inspire others to collaborate with us on new ways to make later life better, and to support the work of our partner charities locally, nationally and internationally. We also continued to benefit from the support of thousands of volunteers, campaigners, donors, supporters and other members of the public.



Age UK was able to offer immediate practical **support to millions of older people.**

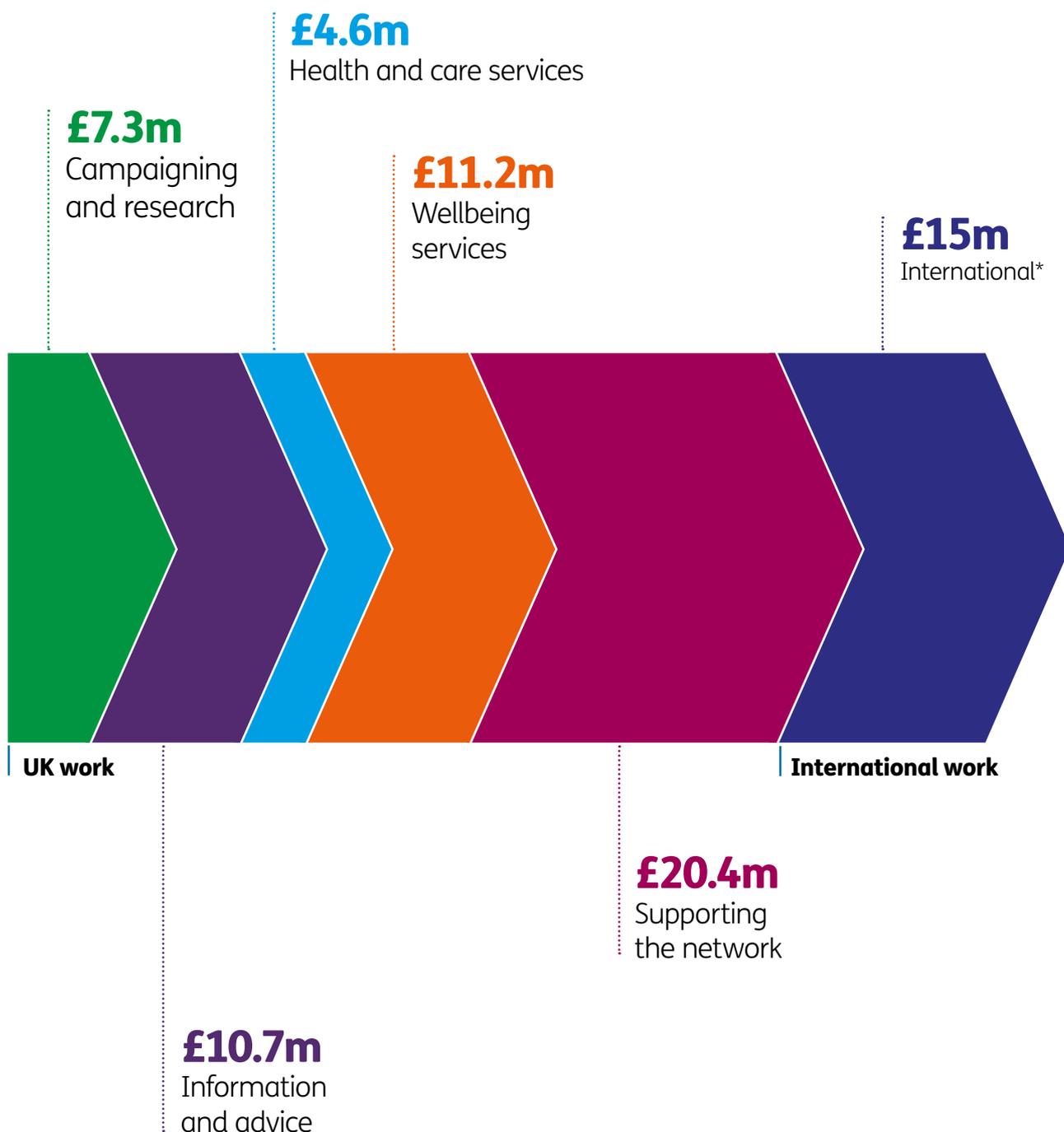
How we raised our money

Our net incoming resources were **£67.6 million**



How we spent our money

We spent **£69.2 million** on our charitable work



*International is made up of Age International’s expenditure (£14.5 million, as reported in Age International’s annual accounts) plus £0.5 million spent directly by Age UK.

Our plans

During 2018/19 the new Chair and Board of Age UK will complete their review of Age UK's strategy with a view to publishing a new three-year strategy to start in April 2019.

However, Age UK has already made a number of changes in anticipation of the formal adoption of the new strategy, and equally the priorities for 2018/19 are laying the ground for further changes. As part of the changes we are making, we will also move to a new approach to strategic planning and budgeting.

In 2018/19:

We will continue to campaign for a sustainable settlement for the future funding of social care – the biggest public policy issue of our time. The Government has promised to publish a Green Paper on Social Care in the autumn of 2018 – we will work hard, before, during and after its publication. The NHS is drawing up a new 10-year plan – we will seek to ensure this plan offers new hope to older patients. We will also be campaigning on hospital transport – an issue which older people have asked us to push up the agenda.

We will wind down our ground-breaking Person-Centred Integrated Care programme, which has achieved its aims to see improvements to the wellbeing of participants and improve the quality of the care they receive. We will work with renewed focus to support our network of local charities to continue to deliver and grow a wide variety of high quality health and care services, increasing the reach and impact of those services.

We will deliver multi-million pound wellbeing programmes thanks to funding from the Aged Veterans Fund, Big Lottery, E.ON, First Utility, Santander, the Exilarch's foundation and many others, helping tens of thousands of older people up and down the country.

We will support the Age UK network during some of the most challenging times it has ever faced. It has never been so difficult to run smaller local charities at a time when they are needed most. We will start a consultation with the local charities about sustainability, and work towards developing a new vision for our shared future.

We will prepare for new investment in fundraising, which is a significant shift for Age UK. Until recently we have benefited from higher levels of unrestricted income from our trading companies, which has enabled us to do much that we would perhaps not have been able to do otherwise. Now that we are nearly ten years old, 85 per cent of the public have heard of Age UK and our research shows that we are very fortunate to enjoy high levels of trust.^{14, 15} We will also continue to invest in our charity shops, refurbishing existing shops and opening new shops.

During the year we will launch our new trading brand, Age Co, and will put all of our trading companies' products through our new assurance process that enables us to be confident that all of the Age Co products meet our Trading Principles all of the time. The Trustees and other stakeholders will look at the long-term future opportunities for commercial trading, recognising that our success over the last 30 years is not guaranteed to continue.

We will complete a major and complex change in our IT away from our existing provider, leading to increased information security and paving the way for upgrading our systems in future.



2019–22: Our new strategy – themes

We have settled on a three-year strategy because the world is changing very quickly, and it is difficult to predict what will happen over a longer period. The next three years will see profound changes to the UK's relationship with the world, with political and economic consequences that remain unknown and unknowable. A number of themes that will drive our strategy from 2019 onwards are already clear:

- We are asking ourselves how we ensure that the needs of those who are most disadvantaged, who are at the bottom of our Wellbeing Index are being served by our work and how we do so in the future? Older people who are living with multiple or deep disadvantage through ill health, poverty, unmet care and support needs, or loneliness, need to have a life that's worth living and we want to be there to help them.
- We are asking ourselves how we can better measure and evidence the impact that our work has on older people's lives, so that we can use data and insight to track our progress and learn from our successes – and our failures – and so that we can show publicly how we are using the funds entrusted to us.
- We are asking ourselves how we can work with our local and national partner charities to sustain the Age UK network as a vital force helping older people in every part of the UK. We believe that older people must have access to high quality services that respond to local needs, and also that organisations and groups run by local people can make a crucial difference to how local communities support and sustain the people within them. The Age UK network of local and national partners is intrinsic to almost everything we do, but it is has never been under so much pressure. We need to work with our partners to ensure that the work built up over the decades continues into the future.

We campaign and research

We spent **£7.3 million**

What we want to see for older people

We want everyone in later life to be able to have their voice heard about the matters that are important to them, so together we can make later life better for everybody.

The situation for older people today

Social care is in crisis: Well over a million older people in England have an unmet need for care, and some are struggling in intolerable circumstances, alone. This means nearly one in eight older people in England live with some level of unmet need with vital everyday tasks.¹⁶ The social care system is on its knees with fundamental reform in the medium to longer term needed and a major injection of cash now to prevent things getting even worse.

Our society is getting older: This should be a cause for celebration. The proportion of people in the UK aged 85 and over is projected to double over the next 25 years.¹⁷

We're living in an uncertain world: The world we live in is uncertain and changing fast and there's a big risk that older people get forgotten about and left behind by decision makers in Government and in the private sector, especially if they're the 'oldest old' or facing multiple challenges such as ill health; an unmet need for care; poverty; and loneliness or isolation.

We've yet to banish pensioner poverty: Nearly 2 million pensioners in the UK live in poverty, 1 million of those live in severe poverty.¹⁸ Older pensioners, people living alone, private tenants, and pensioners from black and ethnic minorities are most at risk. Money worries can have a big effect on older people's wellbeing, affecting their choices about food, heating, and getting out and about.

Ageism is still rife: Older people are often categorised by politicians, the media and others as a homogeneous, costly mass called 'the elderly'. The increasingly polarised narrative in the media, which pitches young against old isn't helping either. This engrained cultural attitude means that the very considerable contributions older people make – as volunteers, providers of childcare, workers and consumers – are often overlooked, alongside their needs.



Nearly 2 million pensioners in the UK live in poverty, 1 million of those live in severe poverty.



Why we campaign and research

At Age UK, we believe that it's vital that the voices of older people are heard by those that have the power to make decisions on their behalf. By spearheading powerful campaigns with and on behalf of older people, based on our own research and public policy expertise, and on what the Age UK network knows about the local issues older people face, we believe we can make a difference for older people today and tomorrow.

How we help

Campaigning, influencing and policy: Age UK campaigns to raise awareness of the challenges and opportunities for older people, drawing on research and experience of 'what works' to propose solutions. We use all our skills and capabilities to make decision makers pay attention, whether that's by mobilising our tens of thousands of campaigners up and down the country to speak out; using our research and policy expertise to highlight the situation older people are facing; or taking this expertise to the conversations we have with politicians and other opinion formers, such as journalists.

Research: Age UK carries out research to tell us more about older people's lives and experiences, informing everything we do. Recent projects include our [loneliness heat map](#), which shows the risk of loneliness among older people across neighbourhoods in England and helps us to target our work, and our [Wellbeing Index](#) (see page 30), which explores the factors that have the biggest effect on older people's wellbeing and is helping us to develop our wellbeing programmes. We also fund the [Disconnected Mind project](#) at the University of Edinburgh, a long-term study which is discovering the secrets of staying sharp in later life.

Engagement: Age UK creates opportunities for people in later life to have their say on many areas of our work. For example, our sounding board members help us develop our public policy and our services. We have a well-established research programme to reach representative samples of the population and use our Your Voice engagement panel to hear from around 700 older people with a particular focus on the seldom heard, including carers, the oldest old, those not online and minority groups.

Our year in numbers

95%

of MPs are aware of the Jo Cox Commission on loneliness.

1 in 4

people who saw our TV advert, 'Just another day' acted in response.

Our 'No one should have no one at Christmas' campaign reached an estimated

25 million

people on social media.

What went well

Working to influence the Social Care Green Paper

The crisis in social care is the biggest public policy issue of our time. This year, Age UK worked hard to advise the Government in advance of the Social Care Green Paper, expected later in 2018. We made sure that we reflected older people's experiences and expressed their views. Age UK and local Age UKs held 13 focus groups with MPs, older people who use social care services and their carers, enabling 150 older people to discuss key issues for the Green Paper, including the problems facing social care and their potential solutions, and the tricky issue of 'how to pay'.

We were pleased to welcome MPs to the focus groups, including those who will have a key part in deciding the future funding of social care, such as the Prime Minister, the Health and Social Care Secretary and the Shadow Health and Social Care Secretary. The findings from these groups formed the backbone of our 'Why call it care when nobody cares?' campaign report which we launched at a parliamentary event attended by over 80 MPs.

Keeping loneliness in the public eye

We have been proud to be one of the 13 partner organisations in the Jo Cox Loneliness Commission, taking forward Jo's mission to 'turbo charge the public's awareness of loneliness'. Age UK and the Commission called on the Government to prioritise tackling loneliness and we were pleased that the Prime Minister announced plans for a government strategy on loneliness with a government minister, Tracey Crouch MP, taking the lead. When surveyed in September 2017, 95 per cent of MPs said they were aware of the Commission and 73 per cent of those supported its work.

Our winter 2017 campaign, 'No one should have no one', once again focused on raising awareness of the crippling effects of loneliness and how Age UK helps. Our 'Just another day' TV advert showed the sharp contrast between the 'family and friends' nature of the Christmas season with the reality of life for lonely and isolated older people. It was shared on social media 15,000 times and racked up 3 million views. One in four people who saw the advert took some form of action, from visiting our website to find out how to get involved with Age UK, to liking a post on social media. The advert and wider campaign led to a massive boost in volunteer enquiries with the equivalent of 12 years' worth of enquiries in just four weeks (see page 33).

Speaking up about painful hospital journeys

Our 'Painful Journeys campaign' has been calling on the Government to review hospital transport. We want every older person to be able to get to their hospital appointments in a reasonable time and in a comfortable, dignified and affordable way. But sadly, this often isn't the case. Over 4,000 people wrote to their MP about the issue and we shared the stories of 150 older people's hospital transport frustration with the government minister responsible for transport. As part of a coalition of charities, think tanks, senior politicians and academics, we also coordinated an open letter to the Minister, listing what we believe should be included in the Government's Accessibility Action Plan. When the plan was launched in the summer of 2018, we were thrilled that it talked about the need for better hospital transport for older people. It means we're a step closer to getting the improvements older people need.

Standing up for the pensions triple lock

We supported two research projects by the Pensions Policy Institute. One showed the importance of the state pension over the course of retirement and the other looked at the impact that removing the triple lock would have on adequacy and poverty levels. Encouragingly, there now seems to be a greater recognition amongst policy-makers of the importance of the triple lock for future as well as current pensioners.

Where we can improve

Being more inclusive in our campaigning

Our power to campaign is strengthened when older people are willing to share their stories with a wider audience, for example through the media or in discussions with politicians. We have faced difficulties sharing the experiences of the hardest to reach older people, for example older people who are living in extreme poverty or people from black and minority ethnic communities. This is partly because of understandable sensitivities people have about talking publicly about their own, very difficult circumstances. We want to make sure that our campaigns do their very best to include the experiences and voices of as diverse a group of older people as possible. In 2018/19 we'll run a project to engage people from black and minority ethnic communities in the development and delivery of our campaigns.



We provide information and advice

We spent **£10.7 million**

What we want to see for older people

All older people should have choice and control over their own lives, with easy access to the information and advice they need to make that happen.

The situation for older people today

The world is getting more complex: It's not easy to find out what services, benefits or other help is available, especially as public sector spending cuts mean that free help is increasingly rare. Older people tell us they're often passed from pillar to post and that they're up against a lack of coordination and communication between health and care services, meaning that getting answers to important questions can be an uphill struggle.

Where you live matters a great deal: Where a person lives affects what services are accessible and available to them. It's a postcode lottery and so much of the information older people need comes from local knowledge.

Online isn't always the answer: It's easy to think that all it takes is a quick search online to get to the information you need, but for many older people it's not that simple. Although more and more older people are going online, 3.7 million people over 65 have never used the internet,¹⁹ 37 per cent of people who are above State Pension Age and have never been online don't know who to go to for advice.²⁰ On top of that, many have complex needs that are even more difficult to find answers to online.

Having no one to turn to makes it worse: Most people would ask a trusted family member or a friend for help, but over 2.5 million older people say they have no one to turn to for help and support.²¹

Free face-to-face and telephone services are disappearing: These challenges are made more

difficult by the ever-decreasing number of free information and advice services. In the past, councils have funded services run by charities, including local Age UKs, but many local charities are now struggling as funding dries up.

Quality and impartiality are important:

Once people get information and advice there's no guarantee that it'll be independent, understandable, up-to-date or correct. Even if people get hold of information and advice, it isn't always easy to understand, especially if there's nobody to explain it to you.

Why we provide information and advice

Our information and advice services are what Age UK is best known for – and when we ask people what work they expect Age UK to do, providing advice is the most popular response. Although information and advice sounds simple – and some of it is – it can be life-changing.

'Information and advice' covers a wide range of activities; from a little bit of information online that helps people know where to start, to sitting down with someone who listens to the issues an individual is facing and helps them to sort them out. When we are speaking to older people, we also learn about what the hot issues are and what they're finding most challenging, helping to inform our services and campaigns.



How we help

The Age UK network (Age UK and our national and local partners) provide independent, impartial and expert information and last year dealt with over 7 million enquiries from older people, their families (increasingly older children) and friends. Whether it's face-to-face in local communities, a call to our Advice Line, or a visit to our website – we draw on a wealth of knowledge, evidence, and experience, which means we can provide information and offer advice on nearly every topic you can think of, from benefits to care options. And our expert staff and volunteers make sure that we keep up-to-date with the latest information.

In person: The face-to-face support provided by our national partners and by local Age UKs is especially important to the older people who need us most, who often have complex needs and rely on lots of public services. When we talk to people in person we're better able to understand their needs and help them navigate a complex care system. Older people who are most in need are also often less mobile and our face-to-face service can be in people's own homes (up to 30 per cent of face-to-face advice is delivered by home visits), and because the service is local, we're also able to better direct them to support available locally. Nationally we work with local Age UKs to ensure the quality of their services is of a high standard, provide guides and factsheets for them to distribute, and run programmes with the support of corporate partners.

On the phone: Our national telephone advice line, Age UK Advice, offers basic information and more in-depth advice 365 days a year. It's ideal for people who may not be online, would prefer to talk to about the issues they're facing, or for those who are dealing with a complex range of concerns that are difficult to answer online.

Online: The Age UK website, and those run by our local partners, help millions of older people, and their families and friends each year, by providing simple, plain English information that's ideal for people whose needs are fairly simple or broad, or need to know where to start. The site also signposts people to their local Age UK so they can access local services, and get information specific to their area.

In print: Our printed guides and factsheets are available in hundreds of places across the country, including via our local partners, and in other community settings like GP surgeries and even supermarkets.



3.8 million people over 65 **have never used the internet.**

Helping people to claim their benefits: Older people tell us that it can be difficult to understand what benefits they're entitled to, so it's no surprise that over 40 per cent of local enquiries are about benefits. Successive changes made by the Government, most recently the introduction of Universal Credit, have added to the confusion. The Government's own statistics show that £3.8 billion in Pension Credit and Housing Benefit alone goes unclaimed by older people every year.²² Today, 1.9 million pensioners (almost one in four) live below the poverty line.²³ According to Age UK-sponsored research carried out by the Pensions Policy Institute, three in every four pounds (78 per cent) of the income of the poorest pensioners comes from the State Pension, rising to almost nine in every ten pounds (86 per cent) when State benefits are included.²⁴ So identifying and claiming the benefits that are theirs by right can make all the difference. That's why providing benefits advice is an important part of our work, which we offer in a multitude of ways and through various programmes, including our winter warmth work which you can read about in our wellbeing programmes chapter (see page 30).

Our year in numbers

228,399

enquiries dealt with by our Advice Line.

1.2 million

information guides were distributed.

740,000

enquiries were dealt with by local Age UKs.

Together the Age UK network identified

£212 million

in unclaimed benefits.

What went well

Running funded programmes

Thanks to generous funding from Santander, our three-year Ambitions for Later Life programme is helping older people through significant changes to their circumstances or turning points in their life, such as retirement, the loss of a loved one or being diagnosed with a serious medical condition. A big change in life can be difficult for any of us, but as people get older they're more likely to face one or several life changes at any given time. Local Age UK staff and volunteers meet with older people, often in their own homes, to find out their ambitions for the future, plot out what to do to achieve them, and help them to do so. This year, year two of the programme, eight local Age UKs helped over 2,000 older people. 85 per cent of the older people who responded to our feedback questionnaire told us that they'd been able to achieve their ambitions and 99 per cent said the information and advice we provided was helpful or useful.

Thanks to funding from Prudential, our two-year Later Life Links programme is supporting six local Age UKs to improve their 'first point of contact' with older people where they find out what's wrong and identify the help they need. Local Age UKs also hosted marketplace events to showcase the opportunities, activities, support and advice available to older people in their communities. In 2017/18 the programme supported over 10,000 older people, with 93 per cent of survey respondents telling us that the issues they were facing were partly or fully resolved.



40% of local enquiries are about benefits.

Working with local Age UKs to improve information and advice

This year, around 200,000 people received face-to-face information and advice from local Age UKs. We work with our local partners to make sure that the information and advice they provide is of a high standard. Staff from 132 local Age UKs attended our training courses, which covered topics such as social care law, Universal Credit, case recording and an induction programme for new local information and advice managers. We also run a dedicated Information and Advice Quality Programme which every local Age UK needs to complete by 2021. We check case records, carry out mystery shops, and ensure that staff are well trained and that their service is well managed. Last year we supported 34 local Age UKs to successfully complete the assessment.

Promoting our website so that people know to come to us

Over 5.2 million people visited our website for information, up by over 300,000 people on the year before. We worked hard to make sure that our website featured prominently in people's online search results, promoted timely topics such as changes to Pension Credit by email, and used social media to help spread the word about the support we offer. We better promoted our benefits calculator on the Age UK website itself and tested new ways of encouraging prospective benefit checkers to try it out. This led to a doubling of completed benefit checks using the calculator from 90,000 people in 2016/17 to 183,000 in 2017/18.

More people than ever before are acting on the information they read on our website – on average, 65 per cent of older people who visited our website for information for themselves took action. And 75 per cent of those looking for information on another person's behalf have done so too.

Where we can improve

Connecting Advice Line callers to local Age UK Information and Advice services

We've been improving our Advice Line's behind the scenes systems to provide our callers with a better experience, including knowing more accurately where they are in the queue, and improving how our staff manage the calls. The improvements have paid off but not everything has gone smoothly. An important part of our national line is that it's connected to most of the advice lines run by our local partners, which means that we can pick up their calls when their line is busy or if they're closed. It should also let us transfer calls to local lines when it would be more useful for a caller to speak to someone local to them. Due to teething troubles with the new system, the national to local transfer hasn't been working. So instead of transferring calls or being able to arrange call backs from our local partners, we've only been able to provide callers with the local partner's number. We're working hard to rectify that problem and expect it to be fixed by the end of 2018.

Keeping our Advice Line up-and-running in difficult circumstances

March 2018 saw some of the worst snow that Devon, where our Advice Line is based, has seen for decades. The Met Office issued a red weather warning and we were worried that our staff would get stranded at work if we didn't send them home early. We decided to close the line early on Friday 2 March and ran a reduced weekend service, before returning to normal on Monday 5 March. During that time, we signposted people to an older people's information charity, the Silver Line, and we are very grateful for their assistance. We know that heavy snow worries many older people, especially those who might find it difficult to get around or who are experiencing power cuts, frozen pipes or broken boilers. We want to make sure that when things like this happen we have back up plans in place to continue running a full service. We are working on setting this up in 2018/19.

We deliver and transform health and care services

We spent **£4.6 million**

What we want to see for older people

Older people must be able to expect high quality health and care and services that are coordinated and joined up around their individual needs and circumstances.

The situation for older people today

Getting all the different people and organisations to talk to one another is tough:

People with a range of different health challenges, as many older people often do, are lucky if all the various services, doctors and care providers liaise as well as they should. This makes it unlikely they'll get the joined up help they need.

There are concerns around quality for those with the most complex needs: We know there are concerns about the consistency of good quality care in hospitals and in the community for older people who are frail and/or who have very significant health issues, including dementia or other forms of cognitive decline. Older people and their families tell us they worry about rushed care visits and lack of continuity in paid care staff.

Emergency admissions to hospital can often be avoided: Age UK's research shows that nearly 1,000 older people are being admitted to hospital needlessly each day for conditions that should not require hospital admittance.²⁵ This often has a detrimental effect on the health and wellbeing of the older people involved and has significant cost implications for the NHS and local authorities.

Person-centred care can improve wellbeing: If you have multiple long-term conditions you can often be treated as having a set of different medical conditions, rather than experiencing a holistic approach which is based on your own goals for the lifestyle you'd like to lead.

Why we deliver and transform health and care services

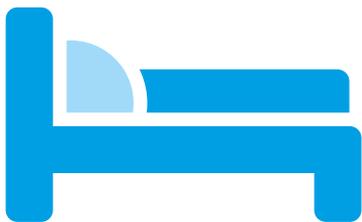
The social care system is in crisis and it's clear that fundamental change is needed. A significant increase in short-term and long-term funding from the Government is essential. But money alone won't solve the many challenges that older people face whenever they encounter the system, especially when social care and health care services intersect or, as the reality is in most cases, don't. We believe that a multi-pronged approach to the crisis and the various related challenges is necessary. We campaign for change nationally (which you can read about on page 19), but we also think it's vital that we affect change in how health and care services are delivered and commissioned locally. Research has demonstrated time and time again the importance of high-quality services that treat people as individuals, not as a set of medical conditions. Our knowledge and experience, in partnership with the Age UK network (as deliverers of services themselves), makes us well equipped to drive the transformation required.

How we help

Person-Centred Integrated Care: We began our ambitious Person-Centred Integrated Care programme in 2011. We sought to test a model to demonstrate that, by taking a person-centred and integrated approach, people's health and the quality of their care would improve while the overall cost to the health and care economy could decrease because of a reduction in emergency hospital admissions.

We did so by identifying older people with multiple long-term conditions at risk of emergency admission to hospital, tailoring their support to their personal goals and aspirations (such as walking the dog or resurrecting an old hobby), and building integrated packages of support bringing together services from local authorities, the NHS and voluntary sector. There are other similar sounding models, but the unique thing about Age UK's approach is the ethos of giving people choices about the type of support that would make a difference to their everyday lives and joining up services to try to achieve that.

Over the last seven years we've taken our initial pilot in Cornwall to 14 other areas across England to test the model in the real world, to find out what works and learn from it, and generate evidence to influence and support CCGs, local authorities and others to adopt a similar model. In 2017 we launched the Programme in Croydon, Northamptonshire, North Kent, South Kent, and South Gloucestershire.



Nearly **1,000** older people are being admitted to hospital needlessly each day.



A shift in strategy: Since 2011, much of our work on health and care services has been focused on our Person-Centred Integrated Care programme. We are going to move our attention away from this area in the coming years. It has been highly successful in many ways – it has delivered significant improvements to the wellbeing of participants and improved the quality of the care they receive.

We are shifting our strategy for two main reasons. Firstly, our involvement has been time-bound because the model's ongoing sustainability is dependent on commissioners picking up the cost, rather than Age UK, which has invested significant funding in the pilots. Secondly, the financial reality is such that, although our pilots have been recommissioned, the scale and pace of adoption is being curtailed by the lack of money in the system.

In 2018/19 we will shift our strategy to helping the Age UK network to transform the services they provide in communities up and down the country, using what we've learned from the programme to do so. Those services must be of a high quality and meet the needs of local older people – especially those who need their services the most – at a time when demand has never been greater, but resources are so few.

Transforming the services provided by local Age UKs: We support our partners to improve the quality of their health and care services such as help at home, shopping, meals and transport, day care, foot care, and help getting home from hospital. We help them to ensure they design and deliver services that are based on the evidence of what older people need, in a person-centred way. We work to ensure that the Age UK network continues to be able to provide the high quality care that older people deserve in a funding environment that can make this challenging.

Experts by Experience: Age UK delivers the Experts by Experience service for the Care Quality Commission in the Central region. The Experts, people who have used health and social care services in the past, are involved in the Commission's inspections, helping to bring the insights of people who have used services themselves to the inspections.

Our year in numbers

10% increase

in wellbeing for participants in our Person Centred Integrated Care programme.

16% increase

two months after formally finishing the programme.

Our Experts by Experience carried out

856 inspections

for the Care Quality Commission.

What went well

Examples of best practice

The Croydon site from our Person-Centred Integrated Care programme has been used as an example of best practice by the NHS and has received funding to expand to cover the whole borough over the next nine years.

Significant positive impact on the mental wellbeing of participants

Findings from our evaluation of Phase 2 of the programme show strong evidence of a significant improvement in the mental wellbeing of older participants. On average, we found a 10 per cent increase in the wellbeing score of participants by the time they left the programme. Our research showed that wellbeing continued to increase beyond people's formal involvement, with a 16 per cent increase in wellbeing two months after they'd achieved their personal goals. We've also asked people how their lives have changed. The main themes participants spoke about were: a sense of more control over their lives; increased confidence to go about their day-to-day lives; a stronger sense of purpose, feeling more active and having a wider social circle; and a sense that extra support is on hand during and beyond the programme.



Using what we've learned to develop new services and programmes

We're using what we've learned from the programme to help us develop new Age UK services and programmes, with a focus on putting older people's individual goals at the heart of the support the Age UK network can offer. We've used this as the basis of our Joining Forces programme (see page 33). We've also used it as a starting point for the development of new technology. We're testing an iPad app called STEPs which aims to help local Age UK volunteers and staff have goal focused conversations with older people. Thanks to funding from The Exilarch's Foundation, the Aged Veterans Fund and Santander, we'll be continue to develop the app with input from the staff, volunteers, and older people.

Supporting local Age UKs to improve quality

We've continued to prioritise supporting local Age UKs to deliver high quality care and support. We've supported local Age UKs who run registered services to prepare for inspections by the Care Quality Commission, launched a Day Services Review Guide to encourage our partners to modernise and improve their day care services, and our Workforce Development Toolkit is helping them to ensure their staff and volunteers work in a consistently person-centred way.

Where we can improve

Measuring the impact on local health and social care economies

We've been able to demonstrate very clearly the improvements to the wellbeing and the quality of the care participants in the Person-Centred Integrated Care programme receive, but it has been much harder to show whether the programme has reduced cost pressures on local health and care economies. Findings from our qualitative research indicate that there has been an impact in reducing the workload on primary care because older people who would normally seek help from their GP for underlying non-medical needs have not had to do so. This has been difficult to evidence fully. In 2018/19 the Nuffield Trust, which has been looking at hospital activity and costs, will report back on the evidence they've found.

We deliver and transform wellbeing services

We spent **£11.2 million**

What we want to see for older people

Older people should have opportunities to lead an active life and to make and maintain friends and connections so they can feel well and enjoy life for as long as possible.

The situation for older people today

Lots of factors contribute to living well:

Everyone deserves to live well in later life, but the truth is it's a lot easier for some than others. Age UK's research shows that lots of factors affect how people feel as they age. [Age UK's Wellbeing Index](#)²⁶ explores these factors and shows that personality plays a big part, but so too does connectedness to others; worrying about money or not; where people live and the services available to them; as well as physical and mental health.

'Meaningful engagement' matters a lot: The most striking finding from the Wellbeing Index is the importance of maintaining meaningful engagement with the world around you in later life – whether this is through social, creative or physical activity, work, or belonging to some form of community group. These forms of participation contribute to more than 20 per cent of people's feelings of wellbeing.



The cost of cold homes to the NHS in England is around **£1.36 billion per year.**

It's a digital world: Many people choose to connect with one another through social media and use the internet as part of their daily routines. They chat online, catch up on news and check reviews to make informed choices and purchases. Millions of older people do too, but there are nearly 4 million people over 65 who have never used the internet.²⁷ Those who are digitally excluded face missing out on the opportunities available online, including access to an increasing number of public services as they go 'digital by default', often without alternatives.

Communities and homes are important: Where people live hugely affects their wellbeing in later life. Not only the communities in which older people live, but how safe and warm their homes are, especially during the cold winter months. Nearly one in ten people aged over 65 (equivalent to 1 million people) say they expect to suffer health problems in winter due to the high cost of energy.²⁸ Age UK has calculated that the cost of cold homes to the NHS in England arising from the increase in hospital admissions and extra GP consultations is around £1.36 billion per year.²⁹



The problem of loneliness and isolation: Most people feel lonely at some point in their lives. It's a deeply personal experience that – in most cases – will thankfully pass. But for some older people loneliness defines their lives, significantly affecting their wellbeing. It's a national tragedy that there are 1.4 million older people in the UK today who often feel lonely.³⁰ As well as adversely affecting the wellbeing of many older people, loneliness can also lead to greater reliance on health and social care services, including more frequent visits to GPs and early admission to residential care. Studies suggest that people with a high degree of loneliness are twice as likely to develop Alzheimer's disease. Loneliness is also associated with increased rates of depression, cardiovascular disease and high blood pressure. We now know that the effect of loneliness and isolation can be as harmful to our health as smoking and obesity.³¹

Tackling isolation and helping older people feel connected to the world around them is at the heart of the Age UK network. Practically every aspect of the work of our local partners helps to improve wellbeing in one way or another, with most local services also tackling loneliness and isolation by bringing people together. Whether that's by increasing someone's income through benefits advice work so they are able to get out and about more, or by getting groups of older people together at a lunch club or fitness class.

Why we run wellbeing programmes

Our research tells us how much of a difference being happy and healthy makes to older people's lives so it's an obvious focus for us, especially given our network of local Age UKs that have a lot of expertise in delivering such programmes, tailored to their local communities. We also know that corporate and public sector organisations are always on the lookout for opportunities to make a big difference to local communities, so it makes sense for us to bring them together with the Age UK network to do so. At Age UK we want to learn how to help older people get the best out of life and put our understanding about wellbeing into practice, and we use what we learn from running these programmes to help improve other services run by local Age UKs and to support our campaigning.



How we help

Working in partnership with local Age UKs: Most of Age UK's wellbeing activity involves supporting local Age UKs to deliver programmes funded by our generous public sector and corporate partners. The programmes tend to run for around three years and, over the years, have provided a wide range of activities, from fitness classes to helping older people to get online. Although most programmes run for a few years at most, some of them have been going for some time thanks to ongoing funding.

Winter warmth programmes: For the last eight years we've run winter warmth programmes with the support of funding from energy companies, and other major funders like the Department of Health and Social Care. Through these programmes local Age UKs and Age Cymru partners provide practical support to help older people to stay warm in winter. Part of the

programmes involve providing energy efficiency checks and installing items such as draught excluders and radiator foils. They also fund free benefit advice checks to help maximise people's incomes and each year we distribute over 100,000 copies of our 'Winter wrapped up' and 'Save energy, pay less' advice guides with top tips on staying warm and saving money in winter.

Call in Time – our national friendship service: Nationally, Age UK runs **Call in Time**, our telephone friendship service. It's been running since Age UK launched in 2009 and is now supported by over 20 corporate partners. We offer short 'Good Day Calls' to people when they first join us, and longer weekly 'Friendship Calls' once we've matched the older person with a volunteer befriender. Call in Time is integrated with some of the befriending schemes provided by local Age UKs, helping to take the pressure off their waiting lists.

Our year in numbers

Our Joining Forces programme, supporting older veterans, has reached

14,159 people.

3,500

home energy checks have been funded by our winter warmth programmes.

309

An increase of 309 older people receiving friendship calls from our Call in Time service.

digital skills through the help of ‘Digital Champions’, volunteers trained by the programme to provide one-to-one support. This year we’ve worked with six local Age UKs across England to recruit 117 ‘Digital Champions’ through which we’ve reached more than 1,000 older people.

Delivering successful winter warmth programmes

Our winter warmth programmes, funded by energy companies, including E.ON and First Utility, have supported over 18,000 older people this year. Over 120 local Age UKs and Age Cymru partners were involved and exceeded all overall targets – completing just under 35,000 benefit checks and over 3,500 home energy checks. Overall in 2017/18, the programmes identified more than £66.3 million in unclaimed benefits³² and £179,000 in energy bill savings.

What went well

Developing and launching new programmes

This year we’ve launched two major wellbeing programmes. The first, called **Joining Forces**, has been made possible thanks to £4.3 million from the Aged Veterans Fund over three years. It’s focused on providing person-centred support to older veterans and their families and is being delivered by 15 local Age UKs in partnership with, SSAFA the Armed Forces charity. Older veterans are a hard to reach audience for Age UK and male veterans often don’t receive the support they need. The programme connects people with support from us, from our local partners, and from SSAFA. The partnership with SSAFA is enabling us to deliver more together than would have been possible alone. By end of March 2018, we had reached 14,159 people, over 3,000 more than our original target.

Thanks to £4 million in funding from the Big Lottery Fund, our **One Digital** programme has been extended for three years. Working with Digital Unite, Citizens Online, SCVO and Clarion Futures, we’re supporting people in areas with high digital exclusion to get online or to develop their basic

Where we can improve

Growing our Call in Time service

Last year we invited members of the public to volunteer for Call in Time, our telephone befriending service. We launched a new online system to make this possible, which streamlined the process from sign-up, through reference checking, to call scheduling and won five industry awards last year for digital innovation. Even though we’ve had a record number of potential volunteers, we want to improve how we market the service to older people themselves, and to people who have day-to-day contact with older people and might point them in our direction. We can also improve how we identify older people who might benefit. In 2018/19, we are testing several approaches including promoting the service through the NHS intranet.

We support the Age UK network

We spent **£20.4 million**

What we want to see for older people

Good quality local services that help older people lead enjoyable and active lives, and respond to community needs, should be accessible to all older people.

The situation for older people today

'Local' matters more: As people age, 'local' becomes ever more important – accessible health and care services, transport to get from A to B, social and cultural activities, and much more. For older people who have disabilities or struggle to get around, or those who aren't online, what's available nearby in terms of information, support and companionship is even more valuable.

Local public services are at risk or are gone already: The crisis in social care is the single biggest issue for older people but cuts to other vital services are adding to the problem. The closure of libraries, local bus services, and other community assets and lifelines are leaving older people physically isolated – cut off from shared spaces that connect them to areas they call home.

Local charities are buckling: Cuts to local authority social care budgets also mean cuts to the budgets of local charities, including local Age UKs. Demand for local Age UK services is rising because people have less of their care needs met by the State, and we have an ageing population, whilst at the same time, local Age UKs are trying to meet this demand with less and less local authority funding.

About the Age UK network

The Age UK network includes Age UK; together with three national charities, Age Scotland, Age NI and Age Cymru, and over 140 local partners (local Age UKs and local Age Cymrus). Our partnership delivers over 2,000 services to millions of older people each year. You can read more about how we work together on page 7.

Why we support the Age UK network

Very simply, we believe that the partnership we have with our local and national partners delivers far greater impact than the sum of its parts. Local Age UKs are often at the heart of their communities, places where older people turn to safe in the knowledge that they'll be welcomed by staff and volunteers who are always on their side. Local Age UKs are our delivery partners for all our wellbeing programmes, are a vital provider of community services that meet local needs, and are a voice for older people, helping them to campaign for change locally and nationally. This makes our network of local partners very precious to older people and to us. That's why we're so committed to helping them to be the best they can be at a time when they, like other local charities, are finding that surviving, let alone thriving, is exceptionally hard.



How we help

Professional and practical support: We offer professional and practical support to our local partners and ensure that best practice is shared across the Age UK network. We work alongside the Age UK network to ensure the effectiveness and quality of their organisations and where beneficial we work to integrate Age UK's national services with those provided locally. Other support includes help with mergers and collaborations, governance, financial management, marketing, website development and human resources.

Funding and income generation: We help the Age UK network to raise money, providing expert tendering advice, and fundraise to develop Age UK programmes which we support our local partners to deliver. We also give unrestricted funding to our partners to support their organisations and meet local needs. Our work and funding to support our partners with campaigning, information and advice, health and care services, and wellbeing programmes is covered on pages 18–33. This section looks at the additional support we offer to our partners.

Bespoke support: Age UK offers support when our local or national partners are facing difficulties or periods of uncertainty and change, including governance issues, successfully achieving Age UK quality standards (see page 37) and financial challenges. We also support our local partners with mergers, collaborations and closures. The number of local Age UKs in the network reduced from 151 to 143 in 2017/18. This is largely due to mergers and boundary changes as local organisations seek to improve sustainability of services for older people, partly through efficiencies. It's also a response to statutory bodies operating across larger geographical areas.



The Age UK network includes Age UK; together with three national charities, Age Scotland, Age NI and Age Cymru, and over 140 local partners.

Our year in numbers

The Age UK network received

£20.3 million

in funding from Age UK.

We helped secure

£11.8 million

in income by supporting local Age UKs with tender bids.

120 local Age UKs

were supported as part of our financial governance programme, through one to one support, workshops and conferences.

What went well

Supporting income generation and direct funding

By supporting local Age UKs with tender bids to commissioning bodies, we helped secure £11.8 million in funding, £2.5 million of which was available this year. We provided in-depth tender support to 21 local Age UKs, against a target of 20, with a 54 per cent success rate. In 2017/18, the Age UK network received £20.3 million from Age UK, £9.2 million of which was earned by local Age UKs who offered Age Co and Age UK products for customers to buy, such as financial services and independent living products. These totals include grant funding for services and programmes covered in pages 18–33.

Changes to Age UK Enterprises' insurance business

During 2017/18, Age UK Enterprises decided to renegotiate its contract with Ageas, its insurance partner, to ensure that customers continue to receive a good price (see page 51). This change, which came into effect on 1 April 2018, meant a significant and ongoing reduction to the commission received by Age UK Enterprises and therefore Age UK, and by the many local Age UK partners that trade, called Trading Alliance Members (TAMs). As a result, 49 local partners no longer trade. To help mitigate the impact this loss of income might have on local Age UK's beneficiaries, Age UK established a grant programme for those local Age UKs who no longer trade, with £1.1 million paid out in total in 2017/18. Age UK expects to provide further grant payments until 2021.

Improving financial governance and management

In 2016, we established a Financial Governance and Management Programme to help us better understand the financial status of local Age UKs, so we could support them to improve their future financial management, governance and sustainability. In 2017/18, we created a financial dashboard for each local Age UK to improve our own understanding and as a tool for local Age UKs to use to complement their own financial analysis.

Through working with local Age UKs we've found that many need help to understand the true cost of delivering services to make sure that when they bid for contracts they do so at the right level. This year we worked with Cass Business School to produce a Full Cost Recovery manual and toolkit for local Age UKs. We've run nine financial governance workshops for Chairs and Treasurers which covered essential financial governance, cost recovery, and financial information reporting.

Improving quality and effectiveness

This year, we launched the Age UK Quality Standards, the successor to the Age UK Organisational Quality Standards. The standards are in two parts. The first part, the Charity Quality Standard (CQS), focuses on what you'd expect to see in any well-run charity, such as legal compliance and effective risk management. The second part, the Good Age UK Standard, identifies and shares what's special and unique to the Age UK network. This year the Good Age UK Standard focused on how we respect and value older people in all our work. Age UK and all local Age UKs will be assessed against both standards before April 2020. By the end of 2017/18, 38 local Age UKs had met the CQS.

Supporting local Age UKs' online presence

We support local Age UKs with their websites by providing the system, content and advice. We signpost visitors to local Age UK sites from our own website, helping people to get hold of local information. This year we helped 139 local Age UKs rebuild their websites to make them easier for visitors to use. Around 1.5 million people visited local Age UK websites in 2017/18. We expect this number to rise in 2018/19 thanks to improvements we've made to how we signpost visitors to local Age UKs.

Where we can improve

Supporting sustainability

Our network of local partners are facing unprecedented challenges in their operating environment, including the growing need and demand, reductions in local authority support, competition for donors and commissioned services, increased regulation, and increased costs. Despite these challenges, our ambition is to maintain and grow our positive social impact for older people in partnership with our local network. To achieve this we will work closely with our local partners to design and implement strategic changes with short, medium and long term horizons all in mind.



We work internationally

We spent **£15 million**

What we want to see for older people

We want to see a world in which women and men everywhere can lead dignified, healthy and secure lives as they grow older.

The situation for older people today

The world's population is growing fast, and ageing fast: The number of people in the world has more than doubled to 7.6 billion since 1970, and is set to reach 11 billion later this century. Less well known is the fact that the world is also ageing. By 2050, one in five of the world's population will be over the age of 60.³³

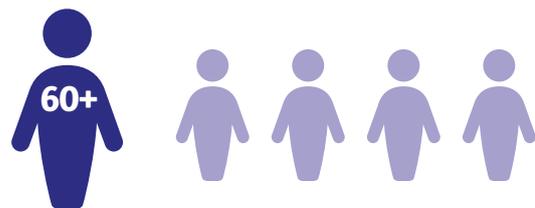
Millions are struggling to survive on low incomes with no pension: In developed countries, access to a pension is a lifeline that can mostly be relied upon; yet three out of four people in the world live without any form of pension. Millions of older people in low income countries struggle to live on less than 60p per day – with no pension, no healthcare, and little support from family.

Chronic illnesses is a growing problem: Long-term chronic conditions are a growing problem in lower and middle-income countries, with non-communicable diseases (NCDs), like heart disease, diabetes, stroke and dementia accounting for nearly 90 per cent of the global disease burden for those over the age of 60.³⁴

Older people are often left behind in emergencies: It has been estimated that over 25 million older people are affected by natural disasters every year, but it isn't just natural disasters that affect older people's lives, they often get caught up in conflicts. At times like this, older people are particularly susceptible to being 'left behind' by any aid efforts.

Why we carry out international work

The scale of global demographic change is unprecedented but governments around the world are failing to respond to the challenges and opportunities this presents. Fundamental change is needed, especially in areas such as health care and social protection, but few governments and institutions seem to understand the impact of ageing on older people themselves, or the wider ramifications on economies, labour markets, migration, social welfare or healthcare. And in emergencies, including natural disasters and the impact of war, the needs of older people are all too often ignored. Age International, Age UK's international charity, focuses on the needs and rights of older people in developing countries. We believe it's important that older people around the world aren't left behind.



By 2050, one in five of the world's population will be over the age of 60.



How we help

Age International helps older people in over 30 developing countries improve their income, escape poverty, receive the right kind of healthcare, survive emergencies, and have their contributions to families and communities recognised and valued. Age International is the UK member of the HelpAge global network, through which it delivers most of its work overseas. Age International is also a member of the DEC (Disasters Emergency Committee).

Long-term development programmes:

Age International funds long-term development programmes aimed at supporting older people to work together to have better incomes, improved access to health and care services and a stronger voice in decision making. Our delivery partner is HelpAge International. Examples of this work includes programmes to support people to understand what social pension they might be entitled to and helping them access that pension, providing low-interest loans and training to help people set up their own businesses to support their families, running mobile health clinics, training homecare volunteers to give basic healthcare, and providing items such as walking sticks and hearing aids.

Responding to emergencies: When emergency strikes, Age International is there to stand up for older people. We target the most vulnerable older people with aid – reaching the most marginalised and forgotten and we train and advise other agencies and organisations, to help make their aid more accessible to older people and people with disabilities. We deliver aid which is accessible – older people are prioritised in aid queues and have a place to sit, they can easily carry and open food packs and healthcare is targeted at geriatric conditions. During 2017/18, Age International responded to humanitarian crises in Ukraine, Syria, Yemen and drought stricken areas of East Africa and supported Rohingya refugees fleeing to Bangladesh.

Influencing and advocating: Age International fights for people who have been marginalised because of their age. We are campaigning for a UN Convention on the rights of older people, economic empowerment for older women, and UN Sustainable Development Goals that really ‘leave no one behind’. We support older people to speak out on the issues that matter to them. Age International supports Older People’s Associations which brings together communities of older people to present their issues to local and national officials.

Our year in numbers

800,000

older people in 18 countries received a social pension for the first time, thanks to the work of Age International and its partner HelpAge.

3.15 million

more older people are entitled to receive free health care following new or revised government health and care policies.

47,000

older people's health, care and nutrition needs were met in humanitarian crisis.

What went well

Calling for new and better universal social pensions

Together with older people, we campaign for pensions in countries where they don't exist. We also help governments set up successful pension schemes and where pensions do exist, we help older people to understand what they're entitled to and give them help to claim them, with practical support like getting them birth certificates or ID cards. During 2017/18, 800,000 older people in 18 countries received a social pension for the first time, thanks to the work of Age International and its partner HelpAge.

In Africa, Age International supported the Kenyan government to prepare for its first universal social pension which launched in June 2018. 540,000 older women and men have registered for what will be East Africa's largest social pension.

Responding to emergencies

This year, we helped older people survive three major emergencies. In the midst of conflict in Yemen, we provided 80,000 people with healthcare. During the devastating drought in East Africa, we made sure that food and assistance reached over 30,000 older people in Ethiopia, Kenya and South Sudan. And in October 2017, when the world saw hundreds of thousands of Rohingya refugees fleeing to Bangladesh, Age International supported programmes to make sure that older people weren't overlooked. We funded Age Friendly Spaces in refugee camps where older people received medical support, counselling and psychosocial support. We provided free eye checks and many received treatment, including surgery. In January 2018, a review by the DEC recommended that the 'social and physical benefits of providing age friendly and mobile services should be replicated in all camps and sites.'

Delivering sustainable programmes to improve health and wellbeing

This year, Age International and its partners helped older people living in poverty to achieve better health through programmes in Lebanon, Kyrgyzstan and Myanmar. Thanks to funding from the Big Lottery Fund, Age International supported older people to establish Self Help Groups in three rural communities in Kyrgyzstan where we asked older people to identify what improvements would make the biggest difference to their wellbeing so we could fund the support they needed. We supplied older households with either poly-tunnels to grow fruit and vegetables or chickens, chicken feed and hen houses. This helped older people to feed themselves and make money to keep these activities going once the free support ended.

Calling for a UN convention on the rights of older people

Age International continued to campaign for a UN Convention on the rights of older people.

In the UK, Age International organised a second cross-government meeting to contribute to the UK government's thinking in this area. Further afield, Age International is the Co-Chair of the Global Alliance for the Rights of Older People, an alliance of 226 members which seeks to strengthen the calls on the UN Open-Ended Working Group on Ageing for a Convention.

Where we can improve

Reviewing our approach to safeguarding

Age International has always placed the highest importance on the protection and safeguarding of the older people with whom we work and whom we seek to support, and of the partners and staff who work to implement our programmes. But we believe it is important to continue to review our approach. During 2018/19 we will be working with our staff and trustees, and with counterpart organisations within the international development sector, to review our approach to safeguarding and to strengthen both how we work in this area, and how we report and are accountable for it.

Communicating our work to UK audiences

Central to the work of Age International is the belief that the needs and rights of older people are not properly understood, nor taken sufficiently into account, in humanitarian crises and in international development. Yet we believe that we could do more to communicate effectively the importance of focusing on older people in these situations. During 2018/19 we will seek to improve the effectiveness of our external communications, reviewing and re-launching our website, making more use of videos and stories in our digital communications, and thinking about how we can be more creative and thoughtful in how we talk about our work to resonate better with our audiences.



Our people and our organisation

People are at the heart of our work – the older people we support, our staff, our volunteers and our supporters. We employ over 1,500 staff and are supported by over 7,500 volunteers. We want people’s experience of Age UK to be a great one – whether they are working for us, volunteering for us, supporting us, or coming to us for help and support.

Age UK’s staff work across England, with main offices in London, Warrington and Ashburton in Devon. We have over 1,500 staff with over 300 of those working for the Charity or our subsidiary charities and around 1,200 working for Age UK Trading CIC,³⁵ including at least one paid member of staff in each of our 400+ charity shops.

As a large charity, it is our duty to make sure that we are highly effective but also highly efficient. We believe it is important that we have the right infrastructure in place to support our staff to ensure that their work makes the most difference to older people’s lives. We make sure that every penny we spend on improving our infrastructure supports our charitable objectives.

Making Age UK a great place to work

Our staff engagement survey showed that most people who work for Age UK feel that it’s a great place to work and has a bright future, that they share the same values as Age UK, are treated fairly and with respect, and are trusted to make decisions and take initiative.

We’re committed to creating a positive high performing work environment and the survey also highlighted some areas where we can improve. Our staff told us we must: clearly communicate our strategic direction and plans; invest in improving leadership; invest in career development; and improve our processes and procedures. Demonstrating our commitment to people, a Director lead was appointed for each of these improvement areas with task and finish groups set up to take forward work and involve as many of our staff as possible.

Being inclusive and valuing diversity

As an organisation that promotes equality and fairness in all that it does, it’s important that we hold ourselves to the same high standards we expect of others. It’s reassuring that most of our staff (83 per cent) told us in the staff survey that they feel they are treated fairly and with respect at Age UK.

One area of fairness we have been focusing on is promoting equality, diversity and inclusion. We’ve had a longstanding programme of work in this area and have the ‘Silver Standard Employer’ award from the Employers Network for Equality & Inclusion and have been included, for the second year running, on the list of Inclusive Top 50 UK Employers in 32nd position.

We know there is more we can do, and this year we set up a Diversity Steering group, led by our Chief Financial Officer, and appointed Director Diversity Champions to spearhead our work to promote equality, diversity and inclusion. They have engaged regularly with key groups of staff to draw on their views and experience, including our younger employees, those with experience of mental health issues and staff from diverse faith groups.



Valuing our volunteers and campaigners

The Age UK network is grateful for the support of over 50,000 volunteers and campaigners. Age UK itself relies on the support of over 7,000 volunteers. The majority of Age UK's volunteers support our charity shops, but we also offer a wide range of volunteering opportunities, including supporting our Call in Time telephone befriending service, our Advice Line and volunteering in our main offices. Many more people get involved with our campaigns. Last year we were supported by over 25,000 campaigners.

For several years we have been showing our appreciation to the incredible volunteers that Age UK and the Age UK network depend on through annual volunteering awards. In 2017, we launched the **Spirit of Age Awards** because we wanted to not only recognise the formidable support that Age UK and local Age UKs depend on from our own volunteering base, but also the individuals and community groups who set out to make later life better in their areas, whether connected to Age UK or not.

Eliminating the gender pay gap

At the beginning of April 2018, Age UK published a **gender pay gap report**. It showed that on 5 April 2017 Age UK, the charity, had a median gender pay gap of 17 per cent and Age UK Trading CIC, a trading subsidiary of Age UK, had a gap of 9 per cent. Although the gap is not as large as at many organisations, and below the national median of 18.4 per cent, we know we must do better. The first step for us is to closely look at how we recruit, retain and promote women at Age UK to understand how we can effectively reduce and ultimately eliminate the gap.

Improving our information technology

Like every organisation, information and technology are becoming increasingly important to the way we work. Throughout 2017/18 we prepared the ground for moving to a new IT services provider, NIIT, with the aim of bringing about a future step-change in technology at Age UK, while also improving the reliability of our current systems. For example, we're planning to move our core systems to the cloud to make sure we benefit from the security, flexibility and cost savings such services offer, as well as helping us to keep up with the pace of technological innovations. We successfully switched over to NIIT in June 2018.

Keeping data safe

We take information security very seriously but just before Christmas 2017 we had two data security incidents where information held by Age UK about current and former employees was sent to a small number of unauthorised email accounts. We reported the incidents to the Information Commissioner's Office (ICO) and one of them to the National Fraud and Cyber Crime Reporting Centre, as well as raising a Serious Incident Report with the Charity Commission to let them know. Both incidents are now closed and the ICO has decided to take no action. We have no evidence that the information was used to commit fraud, but it has prompted us to tighten up our information security practice – especially for staff. Even before the incidents, we'd made changes to the way we handle information about our staff – including introducing new HR and payroll applications that significantly reduce the risk of personal and sensitive information being shared. And we've subsequently increased our email security and introduced secure applications for online collaboration. We've also run education programmes to give colleagues the skills to better manage Age UK's and their own information security.

Employment policy and pay

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 63). 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 in supporting charitable or trading activities. The Remuneration Committee considers the outcomes of each Director's performance review (see page 63).

Safeguarding

2018 has been a significant year for safeguarding in charities, with an enhanced focus on charities' roles and responsibilities in ensuring the safety and wellbeing of everyone that they come into contact with. At Age UK we have long taken the view that our safeguarding responsibilities do not just apply to those we support through our activities, but to our staff and volunteers as well, and this is reflected in the range of safeguarding issues that we provide support with.

Our **safeguarding policy** is owned and agreed by our Board of Trustees and states that; 'Safeguarding is a fundamental part of Age UK's work'. Our safeguarding training programme includes an e-learning module, and managers additionally attend a face-to-face course. We audit our safeguarding work and seek continuous development of our safeguarding approaches. Age UK engages directly with older people on safeguarding issues and our safeguarding policy position was discussed with, and agreed by, our Policy Sounding Board (see page 19).

This year, to further promote a safe working environment, we produced comprehensive domestic abuse guidance to support staff and volunteers and a 'Speak Up Safely' policy to enable any members of staff to raise concerns effectively. Although safeguarding has statutory definitions for both children and adults, Age UK is also concerned about people who may be in vulnerable circumstances that fall outside of those definitions. We've developed policies for 'fundraising with people in vulnerable circumstances' and 'working with customers in vulnerable circumstances', and launched a new staff e-learning course to support this.

Age UK has been able to share its insight and expertise in safeguarding in later life with, organisations such as, The Royal College of General Practitioners, The Home Office, The Crown Prosecution Service and The Law Commission. Engagement with these organisations has led to positive outcomes across developing areas of law, guidance and practice as well as opportunities to learn from others. As an example, Age UK's safeguarding team is involved in a national programme to train Independent Domestic Violence Advisers on later life issues.



Our fundraising

Our incredible supporters fundraised £58.2 million this year, and it's thanks to their generosity that Age UK can be here for so many older people when they need us most.

How we fundraise

Older people and their views are at the very heart of our fundraising. We have established principles to ensure that we do not engage in practices that are inconsistent with Age UK's values (see page 7). The Age UK Fundraising Charter sets out these principles and reassures people about what we will and will not do when fundraising.

Our Fundraising Charter

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

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

Legacies

Income from legacies is our single biggest source of fundraising income. We simply could not continue to help older people today or research and campaign to make later life better for future generations without people making generous gifts to Age UK in their wills. This year income from legacies totalled over £29 million including two individual gifts of over £2 million.

Individual giving

Any donation, large or small, helps us reach and support more older people. Around 53,000 donors made regular donations this year, mainly monthly, which raised over £4.5 million.

'No one should have no one at Christmas', our annual winter campaign about loneliness and isolation, once again struck a chord with the nation. By the end of the campaign, one in two adults in Britain (49 per cent) had heard of 'No one should have no one at Christmas'.³⁶ As a result we saw support increase over the Christmas period, generating thousands of volunteer enquiries and hundreds of thousands of pounds in donations.

Corporate partnerships

We are lucky to be supported by several corporate partners and their employees, many of whom go above and beyond to get behind our cause.

Santander staff raised £555,273 for Age UK, taking our fundraising partnership total to £1.1 million. Their staff have been hugely engaged with our work, not just raising money for us but volunteering with us too. Prudential staff across the globe gave over 350 volunteering hours, supporting our Call in Time telephone friendship service in the UK and volunteering for our international charity partners in Thailand and Korea.



Funding from grant giving bodies

Last year we received just under £11 million in grants from generous organisations such as the Big Lottery Fund, Department of Health and Social Care, The Exilarch's Foundation, First Utility, E.ON, the Aged Veterans Fund and the Morrisons Foundation. They helped us provide local and national advice for older people, health and wellbeing activities and support getting online.

In 2017, we were lucky enough to secure significant funding from the Aged Veterans Fund to help the Age UK network support over 14,000 older veterans and their families with our Joining Forces programme (see page 33). Once again, we were grateful to energy companies, including E.ON and First Utility for investing £3 million in our national winter warmth programmes that kept over 18,000 older people warm and well during the colder months (see page 33).

Fundraising events

Not only do our fundraising events raise valuable donations, they also help raise valuable awareness for the cause. And our wonderful events, like the Leeds Abbey Dash and Love Christmas, wouldn't succeed without the amazing support of our volunteers.

At the start of the year, 80 year old Tom Harrison completed the Virgin London Marathon for Age UK, taking the total he has raised for Age UK across many years of races to over £45,000. He was one of 80 Age UK runners who took on the world's most iconic road race in April 2017, raising a combined total of £162,000 for Age UK.

Future fundraising

We finished the year on a high when employees at investment bank Credit Suisse voted Age UK their Charity of the Year and the Masonic Charitable Foundation pledged £1 million over the next three years.

As the UK's older population grows so too does the need for our work – and we plan to invest in our ability to fundraise so that we can continue to provide support to those in need and be the voice of older people. Read more in 'Our plans' on page 16.



age UK
Love Later Life

AGE UK
LEEDS

age UK
Leeds Abbey Dash 2018
8996
#AbbeyDash
BAGGAGE LABEL 8996

Ensuring positive fundraising

Age UK is regulated by the Fundraising Regulator and therefore complies with the Code of Fundraising Practice and the Fundraising Promise. Our aim is to ensure that our fundraising activity is a positive experience and that donors and the public are treated with respect, fairness, honesty, and clarity at all times. Age UK is a member of the Institute of Fundraising and we collaborate with them to help improve fundraising practices across the sector. We're committed to keeping our fundraising practices under review and working with others with the aim of improving practice across the charity sector.

Fundraising through third parties

Our aim is to ensure that all agents or fundraisers representing Age UK strive to reach the highest standards, do not exert pressure on customers or donors and ensure that the wishes and welfare of our donors are at the heart of every interaction.

Age UK follows the Fundraising Regulator's Code of Practice requirements regarding third parties. It is vital to ensure that all supporters have a great experience and are treated fairly so we monitor and control our fundraising by third parties, for example, we listen to recorded telephone calls and mystery shop to check performance.

Involving older people

In June 2017, we piloted a Fundraising Sounding Board to seek input from older people on our fundraising communications practices. Made up of around 20 members, it has discussed a wide variety of topics, including understanding older people's views on the accessibility and effectiveness of the newly launched fundraising preference service, and inputting into our approach for donors in vulnerable circumstances.

Protecting vulnerable people

Age UK recognises that the demographic and circumstances of many of our donors overlap with that of our service users and beneficiaries. We believe that the importance of raising funds needs to be consistent with our charitable objectives. We follow the Institute of Fundraising's 'Treating donors fairly' guidance and all our fundraisers must follow our policy on fundraising with people in vulnerable circumstances.

Protecting the privacy and data of our supporters

In preparation for the introduction of the General Data Protection Regulations (GDPR), we updated our data permission statement to give extra clarity around the control our supporters have in receiving future communications from us and how we would use their details. We reviewed all our processes to ensure any communication preferences made by our supporters continued throughout their supporter journey with us and our supporters were reminded that they could easily and simply change their mind at any time.

Addressing people's concerns

We take all complaints very seriously and respond to each individual one. To ensure that we are constantly improving, we hold a monthly review meeting which focuses on the nature of complaints we have received and what action we can take to address feedback from our supporters. This financial year we received 873 negative comments or complaints in connection with fundraising activities. We count any comments that are negative in nature even if they are small and shared in good faith, such as one-off administrative issues, like having difficulty registering online for one of our events.

Our trading

Age UK Trading CIC, and its subsidiary Age UK Enterprises, offer financial services and products that support independent living (coming under the new Age Co brand from mid-2018 onward), run over 400 charity shops, and operate a society lottery and raffle. It gives all its profits to Age UK to fund our charitable work.

How we trade

In early 2017, the Age UK and Age UK Trading CIC Boards agreed Age Co Trading Principles, designed to make sure that all products offered under the Age Co brand are good for older people, offered at a price that is fair and appropriate, and generate a profit that's reasonable and acceptable. The principles ensure that Age UK's trading subsidiaries put customers at the heart of everything they do, and they are already shaping important decisions about both new and existing products, including being the basis of Age UK Enterprises' insurance contract renegotiation. This year, Age UK's trading subsidiaries have been reviewing all their financial services and independent living products against the Trading Principles as part of their move to the Age Co brand.

Age Co's Trading Principles

Age Co will offer products and services which are good for older people: We ensure our products genuinely have features and benefits (including the service surrounding their purchase and/or use) which we can evidence make them especially suitable for our customers, measured against our own knowledge of the needs of older people, not just benchmarked against standards in the relevant market sector.

Age Co's prices will be fair and appropriate: Age Co's prices will be fair – we will offer good value for money. Age Co's prices will be appropriate – we will ensure our offering includes price points which are appropriate to people on low or moderate incomes.

The profit returned by Age Co to the charity will be reasonable and acceptable: Just because the charity uses the income from Age Co's activities for a good cause this does not justify 'excessive profits', especially when our customers are the charity's beneficiaries.

Development and launch of Age Co

This year, Age UK Trading CIC and Age UK Enterprises developed Age Co, a new brand for their financial services and independent living products. A rebrand had been planned for some time, and the Charity Commission's recommendations into Age UK's trading activity accelerated the work. The Age Co brand is designed to make it clearer to customers that when they buy an Age Co product it's a commercial transaction, that the prices of those products aren't subsidised by Age UK, the charity, and that profits are given to Age UK to fund its charitable work. Lots of research was undertaken with customers to ensure that Age Co achieved this clarity. It launched in April 2018 with a small number of products and a new website www.ageco.co.uk. The rest of the Age Co range will roll out over 2018/19.

The Age Co range aims to help older people enjoy financial security and continue to live independently. Products and services offered under the Age Co name will include stair-lifts, as well as insurance, legal services and funeral plans, all designed to give older people the freedom and confidence to live as they wish.

Behind the Age Co name, you'll find trusted partners who work to meet the needs of those in later life. The service you receive will be from friendly people who'll have time for you and will offer you all the support you need to feel comfortable and confident in your purchase.

Reduction in insurance income

The Age Co Trading Principles are already making a significant difference to how Age UK Trading CIC and Age UK Enterprises trade. This year, Age UK Enterprises decided to renegotiate its contract with Ageas to ensure that all insurance customers, especially long-standing customers, continue to receive a good price. The new contract came into effect on 1 April 2018 and will mean a significant and ongoing reduction to the commission received by Age UK Enterprises, and therefore Age UK, and local partners that trade, called Trading Alliance Members (TAMs). As a result, 49 local partners no longer trade. Age UK Enterprises is supporting exiting TAMs through the process and Age UK has put a grants programme in place to ensure the continuation of local services for older people (see page 36). The smaller TAM network, now made up of 29 TAMs who represent 50 local partners, requires a smaller amount of resource to support it, so Age UK Enterprise has restructured its operations and reduced the number of staff it employs.

Exiting Age UK hearing aids

Throughout 2017, Age UK Trading CIC worked with Claritas, the third-party provider of Age UK hearing aids, to address some on-going contractual challenges, but in June 2018 Age UK Trading CIC took the decision to end the contract. Importantly, the support arrangements for existing Age UK hearing aid customers remain unchanged.

Refurbishing and opening new shops

Age UK Trading CIC operates over 400 charity shops in England and Wales. In 2017/18, we continued with the second year of our three-year shop investment programme. We refreshed 54 shops, re-opened four shops which had closed due to damage, for example from floods and fire, and relocated three shops to new premises. The programme has helped us attract new customers and encourage higher quality donations and has driven increased income with a 6 per cent total growth in gross income.

One innovation of the investment programme is our superstore format. The first Age UK superstore and donation centre opened in Poole, Dorset, in March 2018. We opened it near the local household waste recycling site, making it easier and more convenient for people to donate their unwanted goods and furniture. It enables us to receive large amounts of donations which we can then distribute across our shop network. It's proving very successful, both by encouraging lots of donations and reducing the cost of generating and distributing donated goods. We're planning to open five new superstores in 2018/19.

New lottery licences

Age UK Enterprises has been running a successful society lottery for many years. It has been approaching the limit of its current lottery licence, granted by the Gambling Commission, so has sought three new licences to replace the existing one, providing a significant opportunity for growth. Income from society lotteries is restricted, which means we must set out when applying for the licenses how we aim to spend the money. We have chosen areas of our work that can be more difficult to fundraise for: information and advice; education and research (which includes campaigns); and local programmes (which will enable us to support our national and local partners). The new society lotteries will launch in 2018/19.



Age UK Trading CIC operates **over 400 charity shops** in England and Wales.

Financial review

This year our net income reduced in the year to £67.6 million (2017: £73.1 million), mainly due to the decision we took in 2016/17 to sell Aid-Call, the personal alarm service previously owned and operated by Age UK Trading CIC, and challenging market conditions in insurance and funeral plans. Age UK's charitable expenditure fell to £69.2 million (2017: £73.2 million).

Income

Voluntary income

Net income from fundraising increased to £50.5 million (2017: £47.2 million), 75 per cent of our total net income. This was due to an increase in donations and gifts at £13.7 million (2017: £10.3 million) and legacies at £27.5 million (2017: £27.0 million). Legacies benefited from two large bequests totalling £4.2 million. Corporate income increased due to our charity of the year partnership with Santander and grant income from the public sector included £3.4 million in total from the Big Lottery Fund and the Aged Veterans Fund for the first years of our One Digital and Joining Forces wellbeing programmes (see page 33), offsetting a reduction in international grants. Voluntary income also includes £1.6 million from Age UK's recently acquired subsidiaries Age Cymru and Age UK Suffolk.

Review: Fundraising continues to perform strongly and, as we set out on in our plans on pages 16 and 17, we believe that it presents a significant opportunity for growth.

We've seen growth across most areas of fundraising. Legacies continue to be vital for us, as the biggest source of our income, and we're encouraged that we are continuing to see a rising number of bequests. We have had some big successes with corporate and public sector partnerships (see page 46 and 47) and a strong growth in donations and gifts, largely due to investment in marketing. In 2018/19 we will invest significantly in fundraising to bring about a step-change in growth in the future. We'll grow our team to provide the expertise and innovation required, and fundraising will be central to the delivery of our 2019-22 strategy (see page 17), where we'll work hard to make sure that we develop creative, innovative and high-impact programmes that funders want to support.



Income from **fundraising** makes up **75%** of our total net income.

Trading

Trading continued to be challenging, leading to a net income of £13.4 million (2016/17: £23.2 million), 20 per cent of our total net income. Financial services income decreased to £28.2 million (2016/17: £32.2 million). The reduction was largely due to continued challenging market conditions in insurance and funeral plans.

Net income from the sale of physical products as part of our Independent Living Solutions portfolio fell to £0.3 million (2017: £3.0 million). This was largely due to our decision in 2015/16 to sell Aid-Call, our personal alarms service, to AXA PPP healthcare. In 2016/17 we received eight months of income but no income in 2017/18.

As stated on page 51, in 2017/18 we renegotiated the insurance contract we hold with Ageas Insurance for the provision of home, travel, motor and breakdown insurance.

The new contract, which came into effect on 1 April 2018, will see a significant cut in the commission received by Age UK Enterprises, and therefore Age UK, and local Age UKs that trade as a Trading Alliance Member (TAM). This year's accounts include provisions of £1.1 million to help our partners to exit and to fund internal restructuring to reflect the smaller TAM network.

Age UK Trading CIC runs over 400 charity shops in England and Wales. This year our three-year shop investment programme continued with shop refurbishments, openings and the closure of shops in poorly performing locations (see page 51). The reduction in net income to £0.9 million (2017: £2.0 million) is due to the multi-year investment programme (see expenditure below), and a dilapidation provision.

Review: The headline out-turn for trading continues to reduce as planned-for decisions play out, but continued investment in shops, lottery and the launch of the Age Co brand are strong foundations for growth.

The overall situation for trading is similar to the last couple of years, mainly as decisions taken in 2015/16 play out – most notably the sale of Aid-Call, exit from energy, and the closure of Age UK Training.

Retail continues to be a stable source of income and our investment programme is already delivering growth. New and refurbished shops are performing well and the closure of poorly performing shops, often due to their location, is improving overall profitability and our new superstore is encouraging lots of donations and driving down cost (see page 51). Financial services, especially insurance and funeral plans, are challenging because it is a largely price driven market. Age Co's Trading Principles (see page 50) mean that Age UK's trading subsidiaries are rightly focused on offering products that offer features that are good for older people, at prices which are fair and appropriate – this can mean that Age Co products are not the cheapest (and Age Co never promises to be the cheapest).

Age UK Trading CIC and Age UK Enterprises are responding to these market challenges. Age Co, the new brand for financial services and independent living products, offers a significant platform for growth, and investment in CRM will aid targeting, marketing, and better experiences for customers. This year's contract renegotiation with Ageas (see page 51) will mean a significant reduction in commission from 2018/19 onwards. This means that Age UK and local Age UKs that continue to trade through TAMs will receive less income to fund charitable work. Local Age UKs that have exited trading will benefit from Age UK grants until 2021 to enable the continuation of their local services to older people. Income from Independent Living Solutions has declined largely because of the sale of Aid-Call in 2016/17, but also due to contract challenges with its hearing aid provider, Claritas (see page 51). Finally, the Age UK society lottery is highly profitable and, because of its already significant growth, three new lottery licences have been secured (see page 51) to provide the opportunity for continued expansion.

Charitable activities and other

Income from charitable activities increased to £1.8 million (2016/17: £1.3 million), 3 per cent of our total net income. This consists of revenue from our Gifted Housing Service and our contract with the Care Quality Commission to provide Experts by Experience, as well as income for front line services run by Age UK Suffolk. Other recognised gains include entries relating to the acquisition of Age Cymru, the release of some estimated provisions made at the time of disposal of Aid-Call, and full year of income on a larger investment portfolio base.

Expenditure

Age UK's charitable expenditure decreased to £69.2 million (2016: £73.2 million) due to the income challenges as described above.

Review: The decrease in charitable expenditure is largely due to cyclical changes in programme funding, but shifts in spend areas reflects an evolution of Age UK's strategic direction during a transitional year.

As with other charities, some of our charitable expenditure is determined by the ebb and flow of funding for time-limited programmes. This is especially the case for our wellbeing programmes, which are almost 100 per cent reliant upon funding from private and public sector bodies, and international, which receives much of its income from the government. Information and advice, campaigns and research and our work supporting local communities, comes from a broader range of sources.

Spend on information and advice and campaigns and research has been relatively stable this year. These areas are largely dependent on unrestricted income because there are fewer funding opportunities but, given their importance to our work, we have and will continue to aim to maintain our expenditure into the future. Expenditure on supporting the network is also static but, due to the reduction in income from trading, this will fall in the future but will be offset in part by an increase in grants. We have spent less on health and care services this year, mainly because of a decrease in expenditure, which is mainly unrestricted, on

our Person Centred Integrated Care programme and related pilots. As set out in page 28, our strategy is shifting toward the services provided by the Age UK network, and using the learning from the programme to help them transform their services. Spend on this area of activity will decrease again in 2018/19 and 2019/20 as we wind down our involvement in the programme, before stabilising as we execute our new strategy. Thanks to funding from the Aged Veterans Fund for our Joining Forces programme and to the Big Lottery for One Digital, our spend on wellbeing programmes has significantly increased this year. As we are at year one of three for both programmes, this level of expenditure will continue until 2020. We believe that there are significant opportunities to grow spend on wellbeing programmes and our new strategy, and the fundraising that will support it, will aim to deliver this. Finally, spend on our international work has decreased this year due to the end of programmes funded by the Department for International Development, United Nations in-country grants, and there being no DEC campaigns this year – a good thing.



Trading expenditure increased because of our continued investment in the retail estate, marketing to grow our lottery income, costs relating to our new CRM system which will support future income growth, and internal restructuring due to the reduction in size of the TAM network. Following a transparent process of establishing a fair allocation of support costs, an increase in cost allocations was also applied to Enterprises and Fundraising costs. Other cost increases reflect the inclusion of Suffolk and Age Cymru, as well as one of one-off costs relating to changes in our IT provider (see page 43) which will produce ongoing cost savings.

Review: Costs are relatively stable despite investment, and we've improved the way we allocate costs to more fairly represent the draw on shared services and support.

We continue to monitor our cost base to ensure it is reflective of the decrease in our income and charitable expenditure, and to ensure that we deliver more with less. We continue to invest in income growth, with marketing (including the Age Co brand), retail and lottery receiving investment, and in improving our efficiency and effectiveness through a new IT provider (see page 43), which will also provide savings in the future. It is right that we seek to be both fair, consistent and accurate in the way we apportion costs across all our areas of activity – charitable activity, fundraising and trading. This year we reviewed the basis of our allocations to make sure they remain so. This led to a small increase in cost base for both Trading and Fundraising, largely reflective of their draw on our shared CRM system.

Funding and finance

Balance sheet

Balance sheet assets increased by 5 per cent, from £49.6 million to £52.1 million. The figures include the consolidation of Age Cymru which joined the Group in the year. The £2.5 million overall increase in balance sheet assets comprises:

- £0.9 million decrease in fixed assets reflecting significant expenditure on refurbishing the retail estate offset by depreciation, and a £1.7 million impairment charge on other fixed assets.
- Investments decreased by £0.3 million due to unrealised losses following unfavourable market conditions in the final quarter of the year.
- £3.3 million increase in net current assets. Debtors decreased due to lower levels of both trade debt and accrued legacies. Creditors though fell by a higher amount reflecting a drop in trade creditors, and deferred income following changes arising in insurance income. There were additional loans in the year to finance the retail shop refurbishment programme.
- £4.6 million increase in long-term creditors and provisions relating to borrowings due after one year, dilapidation provisions on the retail estate and various restructuring programmes.
- £4.9 million decrease in the defined benefit pension scheme liability due to more favourable market movements impacting the measurement of liabilities, and the impact of deficit recovery payments.

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 £28.1 million (£23.1 million in 2016/17) is explained in detail in note 21 of the financial statements (see pages 101–106). Both sections of the scheme are closed to new entrants and future accrual.

A full actuarial valuation took place on 1 April 2016 and this has been reworked and projected forward using the 2018 FRS 102 assumptions. Both sections of the scheme are valued and reported in accordance with FRS102 and advised by scheme actuaries. The scheme showed an overall decrease in deficit of £4.9 million (£7.3 million increase in 2016/17). This fell due to a slightly higher discount rate as well as the impact of new mortality tables which reduced the valuation of liabilities.

The discount rate increased to 2.6 per cent (2.5 per cent in 2016/17), as a result of a year on year rise in market bond yields. RPI remained constant at 3.3 per cent. Deficit contribution payments of £3.6 million were paid in the year reducing the deficit further.

Reserves policy

Age UK's reserves policy is reviewed annually and continues to be based on a free reserves approach. Free reserves are defined as unrestricted funds which have not been earmarked and may be used generally to further the charity's objectives. Under this policy, Age UK takes a nine month forward view of free reserves, factoring in commercial and other risks. This enables Age UK to determine the reserves range required for the Charity to cover planned charitable expenditure over the following nine months under two adverse scenarios. This calculation resulted in Age UK maintaining a free reserves range of between £30 million and £50 million. At March 2018, Age UK's reserves of £39.3 million were within this range.

Investment policy

The investment principles adopted by the Trustees are:

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

The investment policy is reviewed by Age UK's Strategic Finance Committee on an annual basis.

As at 31 March 2018, Age UK held just under £57 million with Sarasin. The funds are split between short-term and long-term portfolios. The short-term portfolio contained just over £23 million (which included the proceeds from the sale of Aid-Call). These funds are invested defensively in government and corporate bonds and cash. The long-term portfolio contained just over £31.3 million and was invested in government and corporate bonds, index-linked gilts, UK commercial property, UK and global equities, alternative assets and cash. The largest investment (£8.6 million) was in the Sarasin Global Dividend Fund which is a diversified portfolio of global equities aiming to beat the return from the MSCI All Countries World Equity index. Age UK also holds endowed funds with a market value as at 31 March 2018 of £2.2 million (2017 £2.3 million). These funds are invested in the Sarasin Endowments Fund. Shortly after the end of the financial year circa £25 million of the assets were transferred to Goldman Sachs to diversify across two investment managers rather than just one.

The short-term portfolio produced a total return of just above break-even for the 12 months to 31 March 2018, which was broadly the same as the benchmark return. The long-term portfolio produced a total return of +2.0 per cent. This return was more subdued than in previous years, but not unexpected after five years of strong returns from most asset classes. The portfolio's return did not match the benchmark principally because of global equity stock selection as equity returns were driven by a narrow group of US technology related companies. The portfolio's allocation to equities was reduced marginally during the year to 54 per cent, for tactical reasons, as at 31 March 2018 with a further 7 per cent allocation to commercial property. Once again the portfolio's return compares well with the charity peer group.

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

Dividend income increased from £1.0 million in 2016/17 to £1.5 million in 2017/18.



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. See page 44.

Risk	Management
<p>A challenging environment for income growth.</p>	<ul style="list-style-type: none"> • We believe in creating a resilient income base for growth. We have a robust financial planning framework in place which is regularly monitored by Trustees and the Strategic Finance Committee. • We want to maximise our impact for our beneficiaries so are investing in our fundraising model. • We review our trading strategy regularly to ensure we operate to the standards and expectations of our stakeholders, notably our beneficiaries and supporters. • By rebranding as Age Co, we can now better communicate the contribution our trading makes towards our charitable activities. • Trading Principles have been established to guide all commercial activities.
<p>Reduced trust in the UK charity sector.</p>	<ul style="list-style-type: none"> • We strive to optimise our social impact and how we measure and demonstrate it. We are refreshing our Strategy and Objectives to reflect that. • We ensure that our work remains relevant to, and effective for, older people and our supporters by regularly engaging with beneficiaries, donors and supporters. • We share best practice and look to continually improve the impact we have. We have adopted a Charity Quality Standard across Age UK and our network to strengthen this work.
<p>A decrease in government and local authority spending impacting on the sustainability of our local partner network and the delivery of local services to older people.</p>	<ul style="list-style-type: none"> • We are working with our local partners to support their strategy, planning and effective financial governance. • We work with local partners to develop services that can lever public sector income to support financial stability. • We provide local partners with support and training in relation to tendering for services contracts. • We provide local partners with unrestricted and restricted income to support core running costs.

Risk	Management
<p>The safety and wellbeing of our beneficiaries, supporters, volunteers and employees (and those of our local partners) being put at risk.</p>	<ul style="list-style-type: none"> • We take the safeguarding of our beneficiaries, supporters, volunteers and employees seriously. • We provide mandatory training on safeguarding and working with customers in vulnerable circumstances to all staff. • We have a committed programme to staff wellbeing and health, including campaigns on mental health for staff and managers. • We are refreshing our organisational Values to build a foundation for our working culture and environment. • We work closely with our partner organisations to ensure we have a joined-up approach to safeguarding and Health and Safety. • We relaunched our ‘Speak Up Safely’ policy and process across the organisation (previously called Whistle-blowing). • We are conducting in-depth assurance reviews over 2018/19 to ensure our safeguarding culture and practices are robust and embedded. • Our Trustees monitor safeguarding and health and safety frequently and review our ‘Speak Up Safely’ policy on a regular basis.
<p>An increase in global incidents of cyber-attacks compromising the security of our data.</p>	<ul style="list-style-type: none"> • We are investing in a programme of work to strengthen Age UK’s information security controls. • We ensure our staff receive frequent, mandatory training on information security and responsibilities. • We commission independent, third party reviews to drive continuous improvement in our information security strategy and ensure that we are resilient enough to deal with the latest threats.
<p>Regulatory compliance requirements and a broad regulatory landscape engage resources and external scrutiny.</p>	<ul style="list-style-type: none"> • We map regulators’ expectations to our areas of activity to provide clear lines of responsibility and reporting. This is reviewed by the Age UK Audit and Risk committee. • We have an established Data Regulatory Group that drives our GDPR compliance work. • We are investing more resource in regulatory compliance to provide an assurance framework for our work in this area.
<p>Economic uncertainty affecting market returns impacting on pension deficit and investment portfolio.</p>	<ul style="list-style-type: none"> • We report the investment portfolio performance and the size of the pension scheme deficit to the Strategic Finance Committee which reviews them on a regular basis. • We have an approved investment policy in place which is regularly reviewed by the Strategic Finance Committee. • We use external, independent, professional advisors to counsel how we manage our pension deficit. • We have a diverse portfolio of investments managed by two different external investment managers.



Governance

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

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

- Preventing or relieving the poverty of older people.
- Advancing education.
- Preventing or relieving sickness, disease or suffering in older people (whether emotional, mental or physical).
- Promoting equality and diversity.
- Promoting the human rights of older people in accordance with the Universal Declaration of Human Rights.
- Assisting older people in need by reason of ill health, disability, financial hardship, social exclusion or other disadvantage.
- Such other charitable purposes for the benefit of older people as the Trustees may decide.
- The outcome of this being the promotion of the wellbeing of older people.

Age UK Board of Trustees

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

As of 31 March 2018, the Board was made up of nine Trustees (see page 66).

Our Articles allow up to 12 Trustees including:

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

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

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

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

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

In 2017/18, the Board of Trustees met for seven business meetings and one awayday.

Age UK supports the principles of the Charity Governance Code fully and are reviewing our practice against the Code's requirements as part

of our ongoing work to build on and strengthen our governance arrangements. Over the last two years we have made a number of improvements to governance arrangements, including improved and more timely reporting from committees and subsidiary Boards to the Board of Trustees, and the appointment of new Trustees to ensure a balance of business and charitable skills and experience.

Board committees

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

The following Committees advised the Board during 2017/18:

Age UK Group Audit and Risk Committee

The Audit and Risk Committee was chaired by Lawrence Churchill, a Trustee of Age UK, from February 2016 to May 2017. The Committee is now chaired by Stuart Purdy who served as interim chair from May 2017 to February 2018 from which date he was formally appointed as a Trustee and Chair of the Committee. Stuart is also a non-executive director of Age UK Enterprises.

The Committee:

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

In 2017/18, the Audit and Risk Committee met five times.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee was chaired by Chris Hughes, a Trustee of Age UK, until his tenure as a Trustee came to an end in February 2018. Sharon Allen, a Trustee of Age UK, was appointed Chair with effect from February 2018.

The Committee:

- Reviews pension, employment and remuneration policies.
- Determines the salary and appointment of the Chief Executive and the Executive Directors.
- Leads the process of Trustee appointments, including the appointment of the Chair of the Board of Trustees, Committee appointments and appointments to the Boards of Age UK's subsidiaries.
- Oversees Age UK's annual pay and performance review process.

In 2017/18, the Remuneration and Nominations Committee met four times.

Strategic Finance Committee

Our Strategic Finance Committee was revived following an extensive review of our governance arrangements in 2017/18. The Committee was chaired by Sir Brian Pomeroy CBE a Trustee of Age UK, from February 2017 to January 2018. Sir Brian stepped down as Chair of the Committee, following his appointment as Chair of Age UK, on 31 January 2018. It is now chaired by David Hunter, a Trustee of Age UK.

The Committee:

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

In 2017/18 the Committee met three times.

Age UK subsidiaries

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

Age International

Age International is the UK affiliate of the HelpAge International global network of organisations focused on ageing. The network has 141 members in 60 countries.

Age International is governed by a Board of eight Trustees, each of whom is eligible to serve up to three terms of three years.

In 2017/18, the Chair of Age International was Dianne Jeffrey CBE DL and the Managing Director is Chris Roles. Following an external recruitment process a new Chair, Ann Keeling, was appointed from April 2018.

In 2017/18, the Age International Board met four times. More information can be found in Age International's Trustees Report 2017/18.

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

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

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

The Board is chaired by David Hunter, a Trustee of Age UK and its membership is made up non-Executive Directors who are also Trustees of Age UK, the Chief Finance Officer of Age UK, the Managing Director of Age UK Trading CIC, Ian Foy (until September 2018), and Barbara Merry, Chair of Age UK Enterprises.

Age UK Enterprises

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

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

The Board of Age UK Enterprises is chaired by Barbara Merry a non-Executive Chair who is also a non-Executive Director of Age UK Trading CIC.

The Age UK Enterprises Board membership is made up of two non-Executive Directors, the Managing Director of Age UK Trading CIC, Ian Foy (until September 2018), and the Executive Director of Age UK Enterprises, Doug Strachan.

In 2017/18, the Age UK Enterprises Board met for six business meetings and two awaydays.

Age UK Suffolk

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

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

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

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

Age Cymru

Age Cymru became a subsidiary charity of Age UK with effect from 1 October 2017 and is the sole member of the Company (number 06837284).

In 2017 Age Cymru was an independent charity and a Brand Partner of Age UK. Following a significant reduction in its unrestricted income in 2017, the management of Age Cymru discussed a number of options with Age UK. Having considered all potential risks and mitigation including the potential impact on, and understanding of local people in Wales, as well as any political impact, the Age UK Board of Trustees concluded that it would be in the best interests of both Age Cymru and Age UK, and in particular of older people across Wales, for Age Cymru to become a subsidiary charity of Age UK. At its meeting on 26 September 2017 the Board of Trustees approved a Special Resolution adopting revised Memorandum and Articles of Association allowing Age Cymru to become a subsidiary of Age UK.

The subsidiary arrangement is a positive one for both Age Cymru and Age UK; it ensures our continued effective alliance and allows Age Cymru to continue its vital work across Wales.

Meirion Hughes was the Age Cymru Chair of Trustees from September – December 2017. Keith Jones was Acting Chair from December 2017.

Aid-Call

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

Age UK sold Aid-Call Ltd on 1 November 2016. The principal activity of Aid-Call consisted of the design, marketing, sale, rental and installation, monitoring and maintenance of personal alarm systems for people at risk.

Subsidiary Committees

Customer Committee

The Customer Committee was initially established by the Board of Age UK Trading CIC and the Board of Age UK Enterprises to make sure the trading companies have oversight of attitudes to, and interactions with, their customers. As a key part of our governance changes, in 2017/18 its role was

developed to provide reassurance to the Trustees that the products and services delivered by our trading subsidiaries meet our Trading Principles (see page 50).

The Committee also ensures that, within the context of the primary aim of raising funds for Age UK Charity:

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

The Customer Committee was chaired by André Oszmann, an Independent Non-Executive Director of the Age UK Enterprises Board, until September 2017. The membership is currently made up of two Trustees.

In 2017/18, the Customer Committee met seven times.

Age UK Enterprises Audit and Risk Committee

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

During 2017/18, the Chair of the Age UK Enterprises Audit and Risk Committee was Stuart Purdy, a non-Executive Director of Age UK Enterprises and a Trustee of Age UK since March 2018. From August 2018, the committee has been chaired by Jill Robinson, a non-Executive Director of Age UK Enterprises.

In 2017/18, the Age UK Enterprises Audit and Risk Committee met five times.

Trustees, executive directors and professional advisers

Royal Patron
His Royal Highness the Prince of Wales

Trustees and Independent Committee members

Trustees	ARC	RNC	SFC	CC	EARC
Sharon Allen (from September 2017)		●			
Anna Bradley (from February 2017)				●	
Dianne Jeffrey CBE DL (Chair) (until January 2018)		●			
Lawrence Churchill CBE (until May 2017)	●				
Mike Dixon (from October 2017)			●		
Dr Bernadette Fuge OBE (until February 2018)					
Chris Hughes (until February 2018)		●	●		
David Hunter		●	●		
Mark Lunney	●				
Sir Brian Pomeroy (Chair from February 2018)		●	●		
Stuart Purdy (from February 2018)	●				
Suzanna Taverne	●				
Dr Christina Townsend JP (until May 2017)	●				
Nick Wilkinson	●			●	

Independent Committee Members	ARC	RNC	SFC	CC	EARC
Lawrence Churchill (from May – July 2017)	●				
Mike Dixon (from February 2017 – October 2017)			●		
André Oszmann (until Sept 2017)				●	
Stuart Purdy (until February 2018)	●				●
Jill Robinson (from August 2018)					●
Hitesh Tailor	●				

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

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

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

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

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

Executive directors

- Caroline Abrahams, Charity Director
- Rajeev Arya, Chief Financial Officer
- Laurie Boulton, Fundraising Director
- Tracey Bright, People, Performance and Retail Director (from September 2018), Director of People and Performance (until September 2018)
- Pam Creaven, Services Director
- Ian Foy, Managing Director of Age UK Trading CIC (until September 2018)
- Stephanie Harland, Group Chief Executive (from January 2018), Interim Chief Executive (from September 2017 – January 2018 and Deputy Group Chief Executive until September 2017)
- Chris Roles, Managing Director of Age International
- Tom Wright CBE, Group Chief Executive (until September 2017)

Professional advisers

Bankers

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

Internal auditors

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

External auditors

KPMG LLP, 15 Canada Square,
London E14 5GL

Solicitors

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

Investment managers

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

Age UK registered office

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



Further information

Age UK and its partners

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

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

Age UK grant-making policy

Through its grant-giving, Age UK supports our local partners in delivering key services and developing them as sustainable organisations. It also supports other local, national and international organisations to further Age UK's strategic objectives to improve the lives of older people. Age UK's grant programme is funded by Government, external trusts and foundations and from its own income. Each application received for grant aid is rigorously assessed. All grant recipients are required to submit progress reports (normally quarterly or as defined by the specific programme). Most grants are for less than 12 months; where for a longer period of time, a full mid-term review is undertaken.

Environment

Age UK is a professional and environmentally aware organisation that acknowledges the impact that its operations may potentially have on the environment. We aim to work towards environmental best practice and minimise any impact on the environment by:

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

Disclosure of information to auditor

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

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

The Trustees are responsible for preparing the Trustees' Annual Report (comprising the Strategic report and the Trustees' 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) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

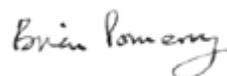
Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and charitable company and of the Group's excess of income over expenditure for that period.

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.
- 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.
- Assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern, and;
- Use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Report of the Trustees, which incorporates the requirements of the Strategic report and the Directors' report as set out in the Companies Act 2006 (Strategic report and Directors' report) Regulations 2013, was approved by the Board, in their capacity as Trustees and company Directors and signed on its behalf on 29 November 2018 by:



Sir Brian Pomeroy

Chair

Independent auditors report



Report to the members of Age UK

Opinion

We have audited the financial statements of Age UK for the year ended 31 March 2018 which comprise the consolidated statements of financial activities, balance sheet, cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and charitable company's affairs as at 31 March 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The Trustees are responsible for the other information, which comprises the Trustees' Annual Report, which constitutes the Strategic report and the Trustees' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Annual Report, which constitutes the strategic report and the Trustees' report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 69, the trustees (who are also the Trustees 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's and the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.



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

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

18 December 2018

Financial statements



Consolidated Statement of Financial Activities

For the Year Ended 31 March 2018

	Note	Unrestricted £'000	Restricted & Endowed £'000	2018 £'000	2017 £'000
Income from generated funds					
Donations and legacies	3	35,347	22,901	58,248	53,157
Expenditure on raising donations and legacies	7a	(7,107)	(608)	(7,715)	(5,908)
Net voluntary income		28,240	22,293	50,533	47,249
Net income from trading activities	4	13,257	136	13,393	23,168
Income from charitable activities	5	1,838	–	1,838	1,289
Other income	6	1,795	74	1,869	1,423
Net income available for charitable activities		45,130	22,503	67,633	73,129
Charitable activities					
Campaigning and research		(7,226)	(117)	(7,343)	(8,196)
Information and advice		(7,970)	(2,707)	(10,677)	(11,112)
Health and care		(3,966)	(510)	(4,476)	(5,846)
Wellbeing		(6,527)	(4,685)	(11,212)	(8,761)
Supporting the network		(20,200)	(223)	(20,423)	(21,474)
International		(7,236)	(7,812)	(15,048)	(17,800)
Expenditure on charitable activities	7c	(53,125)	(16,054)	(69,179)	(73,189)
Net gains/(losses) on investments		(597)	(8)	(605)	3,917
Net income before other recognised gains and losses		(8,592)	6,441	(2,151)	3,857
Other recognised gains and losses					
Actuarial (losses)/gains on defined benefit pension scheme	21	2,400	–	2,400	(9,707)
Gain on sale of subsidiary	30	1,151	–	1,151	13,758
Income/(expense) in relation to acquisition of subsidiary charities	31	589	507	1,096	(292)
Net movement in funds for the year		(4,452)	6,948	2,496	7,616
Analysis of net income from trading activities					
Income	4	85,313	136	85,449	93,828
Expenditure	4	(72,056)	–	(72,056)	(70,660)
Net income from trading activities		13,257	136	13,393	23,168
Reconciliation of funds					
Total funds at 1 April		43,730	5,859	49,589	41,973
Net movement in the year (see above)		(4,452)	6,948	2,496	7,616
Total funds at 31 March		39,278	12,807	52,085	49,589

The accompanying notes on pages 78 to 109 form part of these financial statements.

Consolidated balance sheet

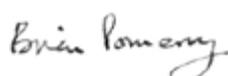
For the Year Ended 31 March 2018

	Note	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Fixed assets					
Tangible assets	12	26,357	27,209	25,520	26,528
Investments	13	57,233	57,490	57,233	57,490
Total fixed assets		83,590	84,699	82,753	84,018
Current assets					
Stock	14	618	566	-	-
Debtors	15	16,431	19,006	17,121	15,398
Cash at bank and in hand		6,643	6,236	3,314	3,400
Total current assets		23,692	25,808	20,435	18,798
Liabilities					
Creditors: Amounts falling due within one year	16	(22,680)	(28,083)	(24,274)	(23,336)
Net current assets/(liabilities)		1,012	(2,275)	(3,839)	(4,538)
Creditors: Amounts falling due after one year	17	(2,723)	(1,372)	(2,723)	(1,372)
Provisions for liabilities and charges	18	(11,707)	(8,405)	(8,112)	(6,060)
Net assets excluding pension liability		70,172	72,647	68,079	72,048
Defined benefit pension scheme liability	21	(18,087)	(23,058)	(17,480)	(22,357)
Net assets		52,085	49,589	50,599	49,691
Funds					
Endowment funds		2,449	2,383	2,449	2,383
Restricted funds		10,358	3,476	9,956	3,447
Total endowed and restricted funds	19	12,807	5,859	12,405	5,830
Fixed asset funds		3,527	9,488	3,527	9,488
General reserve – excluding pension liability		53,838	57,300	52,147	56,730
Pension reserve	21	(18,087)	(23,058)	(17,480)	(22,357)
General reserve	19	35,751	34,242	34,667	34,373
Total unrestricted funds	19	39,278	43,730	38,194	43,861
Total funds		52,085	49,589	50,599	49,691

The surplus in the year for the charity Age UK only was £908,000 (2017: £8,554,000).

The accompanying notes on pages 78 to 109 form part of these financial statements.

The financial statements on pages 74 to 109 were approved by the Board of Trustees on 29 November 2018 and signed on its behalf by:



Sir Brian Pomeroy
Chair

Consolidated cash flow statement

For the Year Ended 31 March 2018

		Group 2018 £'000	Group 2017 £'000
Cash flows from operating activities			
Net income for the year		2,496	7,616
Adjustments for:			
Investment income and interest received		(1,520)	(953)
Depreciation and amortisation of fixed assets		4,138	3,197
(Gain) on sale of fixed assets		(349)	(470)
Net loss/(gain) on investments		604	(3,917)
Present value adjustment to finance leases		6	-
Actuarial losses/(gains) on defined benefit pension scheme		(2,400)	9,707
Gain on sale of subsidiary		(1,151)	(13,758)
Goodwill written off		-	292
		(672)	(5,902)
(Increase)/decrease in stocks		(52)	(32)
Decrease/(increase) in debtors		2,575	3,896
Increase/(decrease) in creditors		(9,977)	3,556
(Decrease)/increase in provisions		4,453	(3,612)
Difference between pension charge and cash contribution		(2,571)	(2,360)
		(5,572)	1,448
Net cash from operating activities	A	(3,748)	3,162
Cash flows from investing activities			
Cash from sale of subsidiary			
Proceeds		-	18,723
Cost of divestment		-	(2,645)
Net cash inflow from sale of subsidiary		-	16,078
Capital expenditure and financial investment			
Purchase of tangible and intangible fixed assets		(4,455)	(2,375)
Proceeds from sale of tangible and intangible fixed assets		1,518	1,580
Purchase of fixed asset investments		(1,320)	(23,125)
Sale of fixed asset investments		973	1,939
Investment income and interest received		1,520	953
Investment management costs		(27)	(27)
Net cash (outflow) for capital expenditure and financial investment		(1,791)	(21,055)
Net cash from investing activities	B	(1,791)	(4,977)

Cash flows from financing activities		Group 2018 £'000	Group 2017 £'000
Returns on investment and servicing of finance			
Proceeds from new loans		6,500	-
Repayments on borrowings		(834)	-
Proceeds from finance lease arrangements		371	-
Repayments on finance leases		(91)	-
Net cash from financing activities	C	5,946	-
Reconciliation of net cash flow to movement in net funds		Group 2018 £'000	Group 2017 £'000
Net (decrease) in cash in the period	A+B+C	407	(1,815)
Cash and cash equivalents at 1 April 2017		6,236	8,051
Cash and cash equivalents at 31 March 2018		6,643	6,236

The accompanying notes on pages 78 to 109 form part of these financial statements.

Notes to the financial statements

For the Year Ended 31 March 2018

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 66. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

The principal accounting policies are summarised below.

Basis of preparation

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

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

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

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

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

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

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

Basis of consolidation

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

The Trustees have taken the exemption conferred by S408(3) Companies Act 2006, accordingly the accounts present a consolidated Statement of Financial Activities (SOFA) only. In order to comply with the Charities SORP the gross income and net incoming resources for the Charity for the year to 31 March 2018 are disclosed in note 18.

Income

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

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

- Donations and all other receipts generated from fundraising are reported gross on a receivable basis.
- Legacies are accounted for as income once the receipt of the legacy becomes probable and quantifiable. For pecuniary legacies this will generally be at the point probate is granted. For residuary legacies this will generally be when a copy of the will and an Assets and Liabilities Statement has been received from the executor.
- Grants receivable income, where related to performance and specific deliverables, is accounted for as the Charity earns the right to consideration by its performance. Where income is received in advance of performance, its recognition is deferred and included in creditors. Where entitlement occurs before income is received, the income is accrued.
- Gifts In Kind, where donated for distribution, are included at the value to the Charity and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold at the price realised.
- Where donated services and facilities are provided, these are included at the value to the Charity where this can be quantified. An equivalent amount is recognised in costs. The value placed on them is the value to the Charity (i.e. the price the Charity would have paid on the open market). No amounts are included in the financial statements for services donated by volunteers.
- Investment income is accounted for when receivable and includes the related tax recoverable.

- Trading income is accounted for on an invoiced basis. Income from insurance activities is accounted for when the insurance policy is sold or renewed. The upfront payment arising from the sale of emergency alarm products has been accounted on an invoiced basis.

Resources expended

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

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

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

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

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

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

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

Intangible fixed assets

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

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

Tangible fixed assets

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

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

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

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

Investments

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

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

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

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

Gifted Housing scheme

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

Leases

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

Stock

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

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

Basic financial instruments

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Provisions

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

Pensions

Defined contribution plans and other long term employee benefits

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

Defined benefit plans

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

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

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss. Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs. The Charity makes deficit recovery

payments to two closed defined benefits schemes that merged into one sectionalised scheme in October 2012.

For defined contribution schemes the amount charged to the SOFA for pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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

Funds

Endowment funds

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

Restricted funds

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

Unrestricted funds

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

- **Fixed asset funds:** This fund represents amounts invested in Gifted Housing assets after allowing for the relevant donor support provision.
- **International funds:** This fund represents legacies attributable to donors with a history of making donation to the Charity's international activities, but has been received without any restriction. The Charity intend to spend these funds on international activities in recognition that the funds have been received from a donor known to support the Charity's international activities.

- **Revaluation reserve:** This fund represents the change in value due to revaluation of property fixed assets, as a result of changing accounting policy from holding properties at depreciated historic cost to value in use.
- **General reserves:** This represents funds which are expendable at the discretion of the Trustees in the furtherance of the objects of the Charity.

Pension reserve

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

2. Key sources of estimation uncertainty and judgements

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

Key sources of estimation uncertainty

These include the following areas:

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

Judgements

- Probability of specific legacy receipts matching assumption.

3. Voluntary income

	March 2018			March 2017		
	Unrestricted £'000	Restricted and endowed £'000	Total £'000	Unrestricted £'000	Restricted and endowed £'000	Total £'000
Donations and gifts	8,375	9,423	17,798	7,586	7,467	15,053
Legacies	26,699	2,788	29,487	25,860	1,718	27,578
Grants	273	10,690	10,963	562	9,964	10,526
	35,347	22,901	58,248	34,008	19,149	53,157

An amount of £12,645,179 (2017: £10,356,834) has not been accrued for legacy income because it did not meet all the conditions for recognition. These are amounts where notification has been received, but the executors have yet to establish that there are sufficient assets and liabilities in the estate, after settling any liabilities, to pay the legacy.

4. Net income from trading activities

	March 2018			March 2017		
	Unrestricted £'000	Restricted and endowed £'000	Total £'000	Unrestricted £'000	Restricted and endowed £'000	Total £'000
Gross income						
Retail	42,772	-	42,772	42,554	-	42,554
Financial services	28,138	23	28,161	32,222	-	32,222
Independent living solutions	2,754	-	2,754	7,721	-	7,721
Other trading income						
Raffles and lotteries	10,494	-	10,494	10,121	-	10,121
Corporate sponsorship	770	106	876	675	-	675
Other	386	7	392	535	-	535
Total income	85,313	136	85,449	93,828	-	93,828
Costs						
Retail (Note 7)			41,841			40,559
Financial Services (Note 7)			20,635			19,864
Independent living solutions (Note 7)			2,462			4,766
Other trading costs						
Raffles and lotteries			7,039			5,276
Training			-			-
Corporate sponsorship			78			195
Other			-			-
Total trading activities for generating funds (Note 7)			72,056			70,660
Net income from trading activities			13,393			23,168

5. Charitable income

	March 2018			March 2017		
	Unrestricted £'000	Restricted and endowed £'000	Total £'000	Unrestricted £'000	Restricted and endowed £'000	Total £'000
Campaigns and research	58	-	58	73	-	73
Information and advice	85	-	85	109	3	112
Health and care	838	-	838	514	-	514
Wellbeing	679	-	679	379	-	379
Supporting the network	166	-	166	193	-	193
International	12	-	12	18	-	18
	1,838	-	1,838	1,286	3	1,289

6. Other income

	March 2018			March 2017		
	Unrestricted £'000	Restricted and endowed £'000	Total £'000	Unrestricted £'000	Restricted and endowed £'000	Total £'000
Gain on disposal of fixed assets	349	-	349	470	-	470
Gift Aid from joint ventures	-	-	-	-	-	0
Investment income	1,446	74	1,520	953	-	953
	1,795	74	1,869	1,423	-	1,423

7. Expenditure

	Direct costs of activities £'000	Grant funding of activities £'000	Allocation of support costs £'000	March 2018 £'000	March 2017 £'000
Costs of generating funds					
(a) Costs of generating voluntary income					
Donations and gifts	3,693	–	402	4,095	4,718
Legacies	1,625	–	407	2,032	523
Grants	1,147	–	441	1,588	667
	6,465	–	1,250	7,715	5,908
(b) Costs of generating trading income					
Retail	37,873	–	3,968	41,841	40,559
Financial services	17,765	–	2,869	20,635	19,864
At Home	2,337	–	125	2,462	4,766
Other trading costs	7,051	–	68	7,118	5,471
	65,026	–	7,030	72,056	70,660
(c) Charitable activities					
Campaigns and research	4,444	11	2,887	7,342	8,196
Information and advice	7,063	1,496	2,118	10,677	11,112
Health and Care	2,608	136	1,732	4,476	5,846
Wellbeing	4,804	4,677	1,732	11,213	8,761
Supporting the network	13,683	6,163	577	20,423	21,474
International	2,008	12,463	577	15,048	17,800
	34,610	24,946	9,623	69,179	73,189
Total expenditure	106,101	24,946	17,903	148,950	149,757

8. Support costs

	Directorate £'000	Finance and legal £'000	Office management £'000	IT £'000	Human resources £'000	Property £'000	2018 Total £'000	2017 Total £'000
Costs of generating funds								
Costs of generating voluntary income								
Donations and gifts	12	69	104	151	54	–	390	633
Legacies	7	72	103	151	54	–	387	187
Grants	2	120	105	151	54	–	432	87
	21	261	312	453	162	–	1,209	907
Activities for generating trading funds								
Retail	86	588	136	676	1,836	548	3,870	3,393
Financial services	73	964	421	1,109	173	–	2,740	1,067
Independent living solutions	–	79	16	25	4	–	124	228
Other trading costs	4	43	4	15	2	–	68	159
	163	1,674	577	1,825	2,015	548	6,802	4,847
Charitable activities								
Campaigns and research	87	566	904	764	489	20	2,830	2,877
Information and advice	48	421	659	560	358	15	2,061	2,085
Health and care	31	344	538	458	292	12	1,675	1,689
Wellbeing	28	466	487	416	267	11	1,675	1,690
Supporting the network	3	146	155	130	84	3	521	502
International	4	96	186	180	50	5	521	502
	201	2,039	2,929	2,508	1,540	66	9,283	9,345
Governance costs	121	374	41	36	20	18	610	782
Total support costs	506	4,348	3,859	4,822	3,737	632	17,904	
2017 Total	520	4,207	3,109	3,560	4,008	477		15,881

Where possible, support costs are directly allocated. Otherwise, support costs are allocated on various bases which are reviewed annually and can involve an element of judgement.

Central support costs are allocated as follows:

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

Governance costs are made up of the following	2018 Total £'000	2017 Total £'000
Internal audit	90	150
External audit	175	189
Trustees' expenses	6	3
Trustees' indemnity insurance	7	7
Trustees' conference and meeting costs	11	17
Apportionment of Directors' cost (based on time spent)	103	127
Other governance cost including company secretariat	343	406
	735	899
Element contained within support costs	610	782
Other governance costs	125	117
	735	899

9. Staff costs and staff numbers

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Salaries and wages	38,298	38,264	8,445	8,284
Social security costs	3,040	3,057	800	797
Pension costs	3,500	3,592	1,564	1,621
	44,839	44,913	10,810	10,702

Total redundancy cost for 2018 was £785,744 for the Group (2017: £759,574) and £675,104 for the Charity (2017: £nil). At 31 March 2018 there are 1,833 staff members in the defined contribution schemes (2017: 1,823 members).

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

	Group 2018	Group 2017
Charity	227	230
Subsidiary Charities	92	12
Age UK Trading companies	1,184	1,306
	1,503	1,548

Some employees within the Age UK Trading companies provide support services to the Group, including the Charity.

Number of staff receiving remuneration above £60,000, stated on a FTE basis	Charitable activities 2018	Trading activities 2018	Total Group 2018	Total Group 2017
£60,000 – £70,000	11.8	5.2	17.0	12.0
£70,001 – £80,000	2.7	4.3	7.0	8.0
£80,001 – £90,000	5.5	4.5	10.0	7.0
£90,001 – £100,000	3.3	3.7	7.0	7.0
£100,001 – £110,000	0.0	0.0	0.0	1.0
£110,001 – £120,000	0.0	1.0	1.0	0.0
£130,001 – £140,000	1.2	1.8	3.0	1.0
£140,001 – £150,000	0.0	0.0	0.0	1.0
£160,001 – £170,000	0.0	1.0	1.0	0.0
£170,001 – £180,000	0.0	0.0	0.0	1.0
£190,001 – £200,000	0.0	0.0	0.0	1.0
Total banded employees	24.5	21.5	46.0	39.0

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

The two columns on the left-hand side of the table above, give a breakdown of how the time of the 46 FTE staff who received more than £60,000 in 2018, was divided between the charitable and commercial activities of the Group.

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

Of the five FTE staff who were paid more than £100,000, 76 per cent of their time was spent on the trading activities of the Group, generating profits that were gifted to the charity.

There were payments for redundancies or loss of office of £40,000 (2017: £165,924) to staff receiving remuneration of over £60,000.

Remuneration in respect of key management personnel

Key management personnel for the Group have been determined to be the Executive Directors and the Trustees (see pages 66 and 67).

There is a net reduction of one Executive Director in the year.

Remuneration in respect of Executive Directors including pension costs was £1,082,476 (2017: £1,165,487).

10. Trustee emoluments

The Trustees received no remuneration for their services to the Charity. One Trustee, Mr SE Purdy, received a Director's fee of £20,000 from Age UK Enterprises for his services as a Non-Executive Director of that business, which is a subsidiary company of Age UK. Mr Purdy has served as a Director of Age UK Enterprises since April 2016. Age UK Enterprises is regulated by the Financial Conduct Authority and Mr Purdy has significant financial services experience. In February 2018, Mr Purdy was also appointed as a Trustee of Age UK and Chair of its Audit and Risk Committee. He received no remuneration for his service in either of these two roles. The aggregated amount of expenses reimbursed to 13 Trustees during the year was £6,162 (2017: £3,407 – 14 Trustees).

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

Indemnity insurance is provided for Trustees. Premiums paid during the year amounted to £7,184 (2017: £6,861).

11. Net income

This is stated after charging	2018 £'000	2017 £'000
Depreciation and amortisation of tangible and intangible fixed assets	4,138	4,073
Trustees' indemnity insurance	7	7
Trustees' reimbursed expenses	6	3
Interest payable	69	125
External Auditor's remuneration		
Audit of these financial statements	77	80
Audit of subsidiary companies	98	89
Tax compliance	43	40
Operating lease rentals – buildings	7,889	7,822
Operating lease rentals – other	357	240

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	10,578	10,463	11,007	220	11,514	43,782
a. Acquired with new subsidiary	1,073	-	-	33	42	1,148
Additions in year	-	-	2,427	-	1,241	3,668
Disposals in year	-	(1,253)	-	(163)	-	(1,416)
At 31 March 2018	11,651	9,210	13,434	90	12,797	47,182
Depreciation						
Balance brought forward	(882)	(717)	(8,901)	(211)	(5,862)	(16,573)
a. Acquired with new subsidiary	(304)	-	-	(18)	(39)	(361)
Charge for the year	(186)	(117)	(2,124)	(11)	(1,700)	(4,138)
Disposals in year	-	84	-	163	-	247
At 31 March 2018	(1,372)	(750)	(11,025)	(77)	(7,601)	(20,825)
Net book value at 31 March 2018	10,279	8,460	2,409	13	5,196	26,357
Net book value at 31 March 2017	9,696	9,746	2,106	9	5,652	27,209
The Charity						
	Freehold and long-leasehold £'000	Gifted Housing £'000	Short leasehold £'000	Motor vehicles £'000	Equipment, fixtures and fittings £'000	Total £'000
Cost						
Balance brought forward	9,784	10,463	11,007	163	9,947	41,364
Additions in year	-	-	2,427	-	1,241	3,668
Disposals in year	-	(1,253)	-	(163)	-	(1,416)
At 31 March 2018	9,784	9,210	13,434	-	11,188	43,616
Depreciation						
Balance brought forward	(140)	(717)	(8,901)	(163)	(4,915)	(14,836)
Charge for the year	(158)	(117)	(2,124)	-	(1,108)	(3,507)
Disposals in year	-	84	-	163	-	247
At 31 March 2018	(298)	(750)	(11,025)	-	(6,023)	(18,096)
Net book value at 31 March 2018	9,486	8,460	2,409	-	5,165	25,520
Net book value at 31 March 2017	9,644	9,746	2,106	-	5,032	26,528

Notes: **a.** Fixed Assets acquired with the consolidation of Age Cymru, October 2017.

Revaluation

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

Impairment loss

No impairment loss was recognised in the year (2017: £Nil).

Depreciation charge for the year for leased assets

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Depreciation charge for the year	547	184	-	-
Net Book value	-	547	-	-

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

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Fixed assets building value				
Freehold interest, including Gifted Housing	12,818	13,991	12,818	13,938
Long leaseholds	1,399	630	606	630
	14,216	14,621	13,423	14,568

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Fixed assets land value				
Freehold interest, including Gifted Housing	4,522	4,822	4,522	4,822

13. Investment

	Listed and unlisted investments £'000	Investment property £'000	Group £'000	Charity £'000
Investments				
Market value at 1 April 2017	57,215	275	57,490	57,490
Additions	1,320	-	1,320	1,320
Disposals	(975)	-	(975)	(975)
Realised gain on disposals	45	-	45	45
Unrealised revaluation gain	(647)	-	(647)	(647)
Market value at 31 March 2018	56,958	275	57,233	57,233
Historic value at 31 March 2018	51,824	-	51,824	51,824

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

Listed and unlisted investments comprise of the following

		2018 £'000	2017 £'000
Sarasin & Partners Long and Short Term Investments			
Listed investments	– Sterling fixed interest	25,598	26,334
	– UK equities	7,670	8,162
	– Global equities	9,275	9,715
	– Property	2,194	2,190
	– Alternative assets	2,996	3,217
		47,733	49,618
Unlisted investments	– Liquid assets	6,885	5,174
Total long and short term investments		54,618	54,792
Endowment funds			
Sarasin & Partners	– Sterling fixed interest	331	329
	– UK equities	430	736
	– Global equities	1,036	903
	– Property	237	200
	– Alternative assets	163	155
	– Liquid assets	48	30
		2,245	2,353
Other listed investments:	– Other investments	96	70
Total value of listed and unlisted investments		56,959	57,215
Total value of listed investments		50,074	52,041
Total value of unlisted investments		6,885	5,174

Age UK has the following subsidiary charities and trading companies

Subsidiary undertaking	Principal activities	Ownership %
Trading subsidiaries		
Subsidiaries of Age UK		
HelpAge International UK	To raise funds for, and carry out Age UK's international charitable work	100
Age UK Trading CIC	To carry out trading activities to generate funds for Age UK	100
Age UK Suffolk	To raise funds and carry out charitable activities within the Suffolk region	100
Age Cymru	To raise funds and carry out charitable activities within Wales	100
Subsidiaries of Age UK Trading CIC		
Age UK Enterprises Ltd	Insurance and other services for older people	100
Subsidiaries of Age UK Enterprises Ltd		
Age Concern Funeral Services Ltd		100
Subsidiaries of Age UK Suffolk		
Age UK Suffolk Trading Limited	Trading subsidiary to generate funds for Age UK Suffolk	100
Subsidiaries of Age Cymru		
Age Cymru Enterprises Limited	Trading subsidiary to generate funds for Age Cymru	100
Non trading subsidiaries		
Subsidiaries of Age UK		
Help the Aged		100
Subsidiaries of Age UK Trading CIC		
Age Concern Holdings Ltd		100
Age Cymru Retail Ltd		100
Subsidiaries of Age Concern Holdings Ltd		
Age Care and Leisure Services Ltd		100
Age Concern Enterprises (Cymru) Ltd		100
Age Concern Enterprises Ltd		100
Age Concern Financial Partnerships Ltd		100
Age Concern Financial Solutions Ltd		100
Age Concern Insurance Services Ltd		100
Age Concern Ltd		100
Age Concern Partnership Wales Ltd		100
Age Concern Trading Ltd		100
Age Concern Trust Corporation		100
Age UK Services Ltd		100
Help the Aged Mail Order Ltd		100
Help the Aged Trading Ltd		100
intune Group Ltd		100
RIA Trading Ltd		100

Subsidiary undertaking	Principal activities	Ownership %
Non trading subsidiaries		
Subsidiary of Age Cymru		
Age Concern Cymru		100
Age Cymru Trading Limited		100
Subsidiary of intune group Ltd		
intune Financial Services Ltd		100
intune Services Ltd		100
Subsidiary of Help the Aged Mail Order Ltd		
Age UK Holidays		100
HtA Solutions Ltd		100

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

14. Stock

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Finished goods and goods for resale	618	566	-	-
	618	566	-	-

15. Debtors

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Trade debtors	4,369	5,134	1,345	793
Amounts due from group undertakings	-	-	5,721	2,500
Other debtors	1,097	829	73	858
Prepayments and accrued income	10,965	13,043	9,982	11,246
	16,431	19,006	17,121	15,398

16. Creditors: amounts falling due within one year

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Trade creditors	(3,742)	(7,190)	(2,862)	(5,919)
Amounts due to group undertakings	-	-	(9,334)	(9,416)
Tax and social security payable	(1,059)	(870)	(986)	(742)
Short term grants	(551)	(1,035)	(551)	(1,035)
Other creditors	(724)	(456)	(510)	(412)
Loans	(4,167)	-	(4,167)	-
Finance leases	(97)	-	(97)	-
Accruals and deferred income	(12,340)	(18,532)	(5,768)	(5,812)
	(22,680)	(28,083)	(24,274)	(23,336)

The movements in deferred income are analysed as follows

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Deferred income at 1 April	(7,549)	(6,298)	(3)	(44)
Amounts released from previous years	7,549	6,298	3	44
Incoming resources deferred in the year	(1,679)	(7,549)	(125)	(3)
Deferred income at 31 March	(1,679)	(7,549)	(125)	(3)

Deferred income as at 31 March 2018 is mainly made up of the following items: sales of lottery tickets for future draws £1,171,537 (2017: £1,114,722); insurance commission paid in advance £376,499 (2017: £1,047,104); advanced commission £0 (2017: £4,000,000) and sales target commission £0 (2017: £1,111,600)

17. Creditors: amounts falling due after one year

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Loans payable after one year	(1,499)	-	(1,499)	-
Other creditors after one year	(6)	(8)	(6)	(8)
Finance leases after one year	(188)	-	(188)	-
Rent free period after one year	(1,030)	(1,364)	(1,030)	(1,364)
Deferred income after one year	-	-	-	-
	(2,723)	(1,372)	(2,723)	(1,372)
Creditors due after one year				
1-2 years	(1,828)	(329)	(1,828)	(329)
2-5 years	(889)	(295)	(889)	(295)
Over 5 years	(6)	(748)	(6)	(748)
	(2,723)	(1,372)	(2,723)	(1,372)

As at 31 March 2018 finance lease obligations due within one year were £96,641 and those due within 1-2 years were £99,125 (no finance lease obligation existed as at March 2017).

18. Provisions for liabilities and charges

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Provisions at 1 April	(8,405)	(12,017)	(6,060)	(5,875)
Utilised in the year	3,086	5,623	1,624	1,021
Charged to statement of financial activities	(6,388)	(2,011)	(3,676)	(1,206)
Provisions at 31 March	(11,707)	(8,405)	(8,112)	(6,060)

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Provisions due within one year	(6,774)	(3,918)	(3,179)	(1,573)
Provisions due more than one year	(4,933)	(4,487)	(4,933)	(4,487)
	(11,707)	(8,405)	(8,112)	(6,060)

The provision for liabilities and charges as at 31 March 2018 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 £4,933,302 (2017: £4,367,141). This is a long term provision updated at concurrent year ends.
- Insurance policy cancellations and lapses £392,716 (2017: £687,887). This expense will be incurred in FY18/19.
- Retail gift aid provision £2,541 (2017: £8,725). Expense will be incurred in the course of FY18/19.
- Legacy provision £120,000 (2017: £118,429) against legacies deemed doubtful. Expense to be incurred in FY18/19.
- Group restructuring costs £1,333,363 (2017: £1,161,670). Expense to be incurred in FY18/19.
- Holiday pay provision £867,742 (2017: £946,348).
- Provision for dilapidations across the retail estate £1,464,443 (2017: £187,120). This is an ongoing provision updated at concurrent year ends.
- Training centres onerous contracts £116,742 (2017: £0). This expense will be incurred in FY18/19.
- Retail estate onerous contracts £258,000 (2017: £0). This expense will be incurred by May 2023.
- Redundancy provision for the Retail estate £110,823 (2017: £87,633). This expense will be incurred in FY18/19.
- Cost associated with the closure and/or sale of 'The Wireless' digital radio station £981,000 (2017: £0). This expense will be incurred in FY18/19.
- IT infrastructure supplier exit costs £520,542 (2017: £0). This expense will be incurred in FY18/19.
- IT infrastructure supplier new contract transition cost £392,846 (2017: £0). This expense will be incurred in FY18/19.
- Potential clawback of Gift Aid payments £100,000 (2017: £0). This expense will be incurred in FY18/19.
- Provision for payment to Trading Alliance Members £112,859 (2017: £204,116). This expense will be incurred in FY18/19.

19. Movement in funds

The Group	31 March 2017 £'000	Income resources £'000	Outgoing resources £'000	Unrealised gains and losses £'000	Transfers £'000	31 March 2018 £'000
Endowed funds						
Charity of C E Saunders	1,023	-	-	30	-	1,053
Gillingham	1,126	-	-	34	-	1,160
Miss E Lipson Trust	184	-	-	2	-	186
ACE Legacy endowment fund	50	-	-	-	-	50
Total endowed funds	2,383	-	-	66	-	2,449
Restricted funds United Kingdom						
Campaigning & research	-	197	(167)	-	44	73
Information & Advice	370	2,021	(2,815)	-	896	472
Health & Care	-	160	(111)	-	-	49
Wellbeing	25	6,937	(5,766)	-	112	1,308
Supporting the network	2,903	2,498	(199)	-	(801)	4,402
Total United Kingdom	3,298	11,813	(9,058)	-	251	6,304
International						
Development	175	6,757	(4,926)	-	-	2,006
Emergency relief	3	2,396	(2,351)	-	-	48
Other international projects	-	2,054	(54)	-	-	2,000
Total international	178	11,207	(7,331)	-	-	4,054
Total restricted funds	3,476	23,019	(16,388)	-	251	10,358
Total restricted and endowed funds	5,859	23,019	(16,388)	66	251	12,807
Unrestricted funds						
Fixed asset funds	9,488	-	-	-	(5,961)	3,527
General reserves						
Gains on investment assets	3,710	-	-	-	-	3,710
Property revaluation reserve	10,947	-	-	-	1,224	12,171
General funds	40,808	90,464	(94,635)	-	955	37,592
Non-charitable trading funds	1,835	35,500	(36,969)	-	-	365
Total general reserves excluding pension reserve	57,300	125,964	(131,605)	-	2,179	53,838
Pension reserve	(23,058)	-	(959)	2,399	3,531	(18,087)
Total general reserves	34,242	125,964	(132,564)	2,399	5,710	35,751
Total unrestricted funds	43,730	125,964	(132,564)	2,399	(251)	39,278
Total funds	49,589	148,983	(148,952)	2,465	-	52,085

Age UK the Charity	31 March 2017 £'000	Income resources £'000	Outgoing resources £'000	Unrealised gains and losses £'000	Transfers £'000	31 March 2018 £'000
Endowed funds						
Charity of C E Saunders	1,023	–	–	30	–	1,053
Gillingham	1,126	–	–	34	–	1,160
Miss E Lipson Trust	184	–	–	2	–	186
ACE Legacy endowment fund	50	–	–	–	–	50
Total endowed funds	2,383	–	–	66	–	2,449
Restricted funds United Kingdom						
Campaigning and research	–	–	(39)	–	63	24
Information and Advice	370	1,876	(2,669)	–	896	474
Health and Care	9	115	(75)	–	(9)	40
Wellbeing	2	6,468	(5,423)	–	141	1,188
Supporting the network	2,918	2,051	(107)	–	(584)	4,278
Total United Kingdom	3,299	10,510	(8,313)	–	508	6,003
International						
Development	145	1,898	(101)	–	–	1,942
Emergency relief	3	316	(305)	–	(3)	12
Other international projects	–	2,054	(54)	–	–	2,000
Total international	148	4,268	(460)	–	(3)	3,953
Total restricted funds	3,447	14,778	(8,773)	–	505	9,956
Total restricted and endowed funds	5,830	14,778	(8,773)	66	505	12,405
Unrestricted funds						
Fixed asset funds	9,488	–	–	–	(5,961)	3,527
General reserves						
Gains on investment assets	3,710	–	–	–	–	3,710
Property revaluation reserve	12,156	–	–	–	–	12,156
General funds	40,864	79,234	(83,457)	(2,249)	1,889	36,281
Non-charitable trading funds	–	–	–	–	–	–
Total general reserves excluding pension reserve	56,730	79,234	(83,457)	(2,249)	1,889	52,147
Pension reserve	(22,357)	–	(939)	2,249	3,567	(17,480)
Total general reserves	34,373	79,234	(84,396)	–	5,456	34,667
Total unrestricted funds	43,861	79,234	(84,396)	–	(505)	38,194
Total funds	49,691	94,012	(93,169)	66	–	50,599

Financial statements

	31 March 2017	Income resources	Outgoing resources	Unrealised gains and losses	Transfers	31 March 2018
Help Age International UK	£'000	£'000	£'000	£'000	£'000	£'000
Total United Kingdom	-	-	-	-	-	-
International						
Development	31	5,129	(5,095)	-	-	64
Emergency relief	-	2,387	(2,352)	-	-	36
Other international projects	-	54	(54)	-	-	-
Total international	31	7,570	(7,501)	-	-	100
Total restricted funds	31	7,570	(7,501)	-	-	100
Unrestricted funds						
Fixed asset funds	-	-	-	-	-	-
Gains on investment assets	-	-	-	-	-	-
Property revaluation reserve	-	-	-	-	-	-
General funds	-	6,911	(6,980)	-	-	(69)
Unrestricted funds	-	6,911	(6,980)	-	-	(69)
Pension reserve	-	-	-	-	-	-
Total funds	31	14,481	(14,481)	-	-	31

20. Analysis of group and charity net assets between funds

The Group	Unrestricted £'000	Restricted and endowed £'000	2018 Total £'000	2017 Total £'000
Fixed assets				
Tangible fixed assets	26,357	-	26,357	27,209
Investments	54,988	2,245	57,233	57,490
Current assets				
Stock	618	-	618	566
Debtors	16,431	-	16,431	19,006
Cash at bank and in hand	(3,919)	10,562	6,643	6,236
Liabilities				
Current liabilities	(22,680)	-	(22,680)	(28,083)
Long-term liabilities	(2,723)	-	(2,723)	(1,372)
Provisions for liabilities and charges	(11,707)	-	(11,707)	(8,405)
Defined-benefit pension scheme liability	(18,087)	-	(18,087)	(23,058)
	39,278	12,807	52,085	49,589

The Charity	Unrestricted £'000	Restricted and endowed £'000	2018 Total £'000	2017 Total £'000
Fixed Assets				
Tangible fixed assets	25,520	-	25,520	26,528
Investments	54,988	2,245	57,233	57,490
Current assets				
Stock	-	-	-	-
Debtors	17,121	-	17,121	15,398
Cash at bank and in hand	(6,847)	10,161	3,314	3,400
Liabilities				
Current liabilities	(24,274)	-	(24,274)	(23,336)
Long-term liabilities	(2,723)	-	(2,723)	(1,372)
Provisions for liabilities and charges	(8,112)	-	(8,112)	(6,061)
Defined-benefit pension scheme liability	(17,480)	-	(17,480)	(22,357)
	38,194	12,405	50,599	49,690

21. Pension schemes

Cost to the Group	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Defined-benefit schemes				
Age Concern section	408	469	388	460
Help the Aged section	551	562	551	562
Total defined-benefit schemes costs	959	1,031	939	1,022
Defined-contribution scheme				
Age UK Pension Plan	2,541	2,561	625	599
Pensions cost	3,500	3,592	1,564	1,621

Apart from the two schemes operated by Age UK, Age UK also hold an interest in The Pension Trust's Growth Plan. The Plan was used for members wishing to pay Additional Voluntary contributions (AVCs) under the old Help the Aged defined benefit scheme. The scheme is in deficit and should Age UK withdraw from the scheme, Age UK would be required to pay its share of the deficit. At end of September 2017 Age UK's debt on withdrawal was reduced to £366,353, (2016: £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 January 2025. Under the new recovery plan, from 1 April 2019 the deficit contributions that are required from Age UK are £26,268 a year, payable in monthly instalments of £2,189.01. These payments increase by 3 per cent per annum from 1 April 2020 and on each 1 April thereafter, as they do under the current recovery plan.

The defined contribution scheme

The Age UK Pension Plan is a Group Personal Pension and the amounts charged to the SOFA for the defined contribution scheme are the contributions paid in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. As at 31 March 2018 included in liabilities due within one year there was an amount of £321,973 (2017: £338,550) due for employer and employee pension contributions, these were paid across to the pension scheme in April 2017. Age UK's original staging date for auto enrolment was 1 September 2013 and in line with legal requirements a re-enrolment exercise was undertaken on 1 September 2016. Employees are auto enrolled with an employee contribution of 1 per cent with Age UK paying 4 per cent as an employer contribution. Members have the flexibility to choose a higher level and the employer contribution rate is 8 per cent for employees making contribution of 3 per cent and 9 per cent for those employees paying 4 per cent or more.

The defined benefit scheme

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

For the year ending 31 March 2019 Age UK expects to pay contributions of £3.45 million, with £1.75 million in relation to the Age Concern section and £1.7 million in relation to the Help the Aged section. These contributions include an allowance for administration expenses and Pension Protection Fund levies. The most recent full actuarial valuation for the Age UK Retirement Benefits Scheme took place on 1 April 2016.

As required by FRS 102 the defined benefit liabilities have been measured using the projected unit method. The tables below state the FRS 102 actuarial assumptions upon which the valuation of the scheme was based.

Principal financial assumptions at the balance sheet date

	2018 AC %	2018 HtA %	2017 AC %	2017 HtA %
Inflation assumption (RPI)	3.30	3.30	3.30	3.30
Inflation assumption (CPI)	2.30	2.30	2.30	2.30
Rate of increase in salaries	N/A	3.30	N/A	3.30
Pension increases				
Rate of increase in payment of pre 2006 pensions	3.30	2.30	3.30	2.30
Rate of increase in payment of post 2006 pensions	2.50	2.30	2.50	2.30
Discount rate	2.60	2.60	2.50	2.50

Principal demographic assumptions at the balance sheet date

	2018 AC Years	2018 HtA Years	2017 AC Years	2017 HtA Years
Assumed life expectancies on retirement at age 65				
Retiring today – males	86.8	86.8	86.9	86.9
Retiring today – females	88.7	88.7	88.7	88.7
Retiring in 20 years – males	87.8	87.8	88.0	88.0
Retiring in 20 years – females	89.9	89.9	90.0	90.0

Allowance has been made for all members to exchange 80 per cent of the maximum cash allowance available upon retirement. The mortality assumptions are: S2P base tables projected by year of birth assuming future improvements in line with CMI 2017 core projections with a long-term rate of improvement of 1 per cent per annum.

Major categories of plan assets	2018 AC £'000	2018 HtA £'000	2018 Total £'000	%	2017 AC £'000	2017 HtA £'000	2017 Total £'000	%
The Group								
Equities	14,652	14,385	29,037	23.2	14,244	14,183	28,427	23.4
Diversified growth	13,096	16,669	29,765	23.8	12,263	15,915	28,178	23.2
Property	4,791	–	4,791	3.8	4,298	–	4,298	3.5
Gilts and bonds	31,825	28,869	60,694	48.5	30,668	28,244	58,912	48.5
Cash	259	633	892	0.7	809	918	1,727	1.4
	64,623	60,556	125,179	100	62,282	59,260	121,542	100
The Charity								
Equities	13,399	14,385	27,784	23.2	13,238	14,183	27,421	23.4
Diversified growth	11,977	16,669	28,646	23.9	11,397	15,915	27,312	23.3
Property	4,381	–	4,381	3.7	3,994	–	3,994	3.4
Gilts and bonds	29,105	28,869	57,974	48.5	28,502	28,244	56,746	48.4
Cash	236	633	869	0.7	752	918	1,670	1.4
	59,098	60,556	119,654	100	57,883	59,260	117,143	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	2018 AC £'000	2018 HtA £'000	2018 Total £'000	2017 AC £'000	2017 HtA £'000	2017 Total £'000
The Group						
Fair value of assets	64,623	60,556	125,179	62,282	59,260	121,542
Present value of funded defined benefit obligations	(71,726)	(71,540)	(143,266)	(71,996)	(72,604)	(144,600)
Funded status	(7,103)	(10,984)	(18,087)	(9,714)	(13,344)	(23,058)
Liability recognised on the balance sheet	(7,103)	(10,984)	(18,087)	(9,714)	(13,344)	(23,058)
The Charity						
Fair value of assets	59,098	60,556	119,654	57,883	59,260	117,143
Present value of funded defined benefit obligations	(65,594)	(71,540)	(137,134)	(66,896)	(72,604)	(139,500)
Funded status	(6,496)	(10,984)	(17,480)	(9,013)	(13,344)	(22,357)
Liability recognised on the balance sheet	(6,496)	(10,984)	(17,480)	(9,013)	(13,344)	(22,357)

Financial statements

Amounts recognised in the income statement	2018 AC £'000	2018 HtA £'000	2018 Total £'000	2017 AC £'000	2017 HtA £'000	2017 Total £'000
The Group						
Operating cost						
Administration expenses	214	238	452	259	304	563
Interest on net defined liability	194	313	507	210	258	468
Pension expense recognised in profit and loss	408	551	959	469	562	1,031
The Charity						
Operating cost						
Administration expenses	196	238	434	254	304	558
Interest on net defined liability	192	313	505	206	258	464
Pension expense recognised in profit and loss	388	551	939	460	562	1,022
Amounts recognised in other comprehensive income	2018 AC £'000	2018 HtA £'000	2018 Total £'000	2017 AC £'000	2017 HtA £'000	2017 Total £'000
The Group						
Asset gains/(losses) arising during the year	306	4	310	6,992	6,813	13,805
Liability (losses)/gains arising during the year	1,032	1,058	2,090	(10,607)	(12,905)	(23,512)
Pension expense recognised in profit and loss	1,338	1,062	2,400	(3,615)	(6,092)	(9,707)
The Charity						
Asset gains/(losses) arising during the year	321	4	325	6,758	6,813	13,571
Liability (losses)/gains arising during the year	866	1,058	1,924	(10,292)	(12,905)	(23,197)
Pension expense recognised in profit and loss	1,187	1,062	2,249	(3,534)	(6,092)	(9,626)

Change in the fair value of scheme assets	2018 AC £'000	2018 HtA £'000	2018 Total £'000	2017 AC £'000	2017 HtA £'000	2017 Total £'000
The Group						
Opening fair value of scheme assets	62,282	59,260	121,542	50,338	52,523	102,861
Assets acquired in a business combination	1,085	–	1,085	3,109	–	3,109
Interest income on scheme assets	1,580	1,480	3,060	1,718	1,760	3,478
Gains on scheme assets	305	4	309	6,992	6,813	13,805
Employer contributions	1,849	1,849	3,698	2,075	1,821	3,896
Net benefits paid	(2,264)	(1,799)	(4,063)	(1,691)	(3,353)	(5,044)
Administration costs incurred	(214)	(238)	(452)	(259)	(304)	(563)
Closing fair value of scheme assets	64,623	60,556	125,179	62,282	59,260	121,542
The Charity						
Opening fair value of scheme assets	57,883	59,260	117,143	49,306	52,523	101,829
Assets acquired in a business combination						
Interest income on scheme assets	1,443	1,480	2,923	1,683	1,760	3,443
Gains on scheme assets	321	4	325	6,758	6,813	13,571
Employer contributions	1,717	1,849	3,566	2,046	1,821	3,867
Net benefits paid	(2,070)	(1,799)	(3,869)	(1,656)	(3,353)	(5,009)
Administration costs incurred	(196)	(238)	(434)	(254)	(304)	(558)
Closing fair value of scheme assets	59,098	60,556	119,654	57,883	59,260	117,143

Actual return on scheme assets	2018 AC £'000	2018 HtA £'000	2018 Total £'000	2017 AC £'000	2017 HtA £'000	2017 Total £'000
The Group						
Interest income on scheme assets	1,501	1,480	2,981	1,733	1,760	3,493
Gains on scheme assets	516	4	520	6,980	6,813	13,793
Actual return on scheme assets	2,017	1,484	3,501	8,713	8,573	17,286
The Charity						
Interest income on scheme assets	1,443	1,480	2,923	1,683	1,760	3,443
Gains on scheme assets	321	4	325	6,758	6,813	13,571
Actual return on scheme assets	1,764	1,484	3,248	8,441	8,573	17,014

Change in the present value of the defined benefit obligation	2018 AC £'000	2018 HtA £'000	2018 Total £'000	2017 AC £'000	2017 HtA £'000	2017 Total £'000
The Group						
Opening defined benefit obligation	71,996	72,604	144,600	57,538	61,034	118,572
Liabilities assumed in a business combination	1,254	-	1,254	3,585	-	3,585
Interest expense on defined benefit obligation	1,774	1,793	3,567	1,957	2,018	3,975
Actuarial losses/(gains) arising on scheme liabilities	(1,032)	(1,058)	(2,090)	10,607	12,905	23,512
Net benefits paid	(2,266)	(1,799)	(4,065)	(1,691)	(3,353)	(5,044)
Closing defined benefit obligation	71,726	71,540	143,266	71,996	72,604	144,600
The Charity						
Opening defined benefit obligation	66,896	72,604	139,500	56,359	61,034	117,393
Liabilities assumed in a business combination						
Interest expense on defined benefit obligation	1,635	1,793	3,428	1,901	2,018	3,919
Actuarial losses/(gains) arising on scheme liabilities	(866)	(1,058)	(1,924)	10,292	12,905	23,197
Net benefits paid	(2,071)	(1,799)	(3,870)	(1,656)	(3,353)	(5,009)
Closing defined benefit obligation	65,594	71,540	137,134	66,896	72,604	139,500

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:

	2018 £'000	2017 £'000
Within one year	6,960	7,472
Within one to five years	14,163	16,259
After five years	1,182	1,657
	22,305	25,388

25. Contingent liabilities and capital commitments

For the Group there were no contingent liabilities and no capital commitments at both 31 March 2018 and 31 March 2017. In respect of the Charity only, the Charity has given a commitment to inject funding of £1.5 million into its subsidiary Age UK Enterprises Limited by 31 March 2019.

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 66.

27. Related party transactions

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

28. Post balance sheet events

In October 2018 a High Court judgment involving Lloyds Banking Group's defined benefit pension schemes concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The impact of this on Age UK Group's defined benefit schemes is currently estimated to be £1 million. Age UK is awaiting detailed calculations from its actuarial advisors to confirm the amount. No adjustment has been made to these financial statements in relation to this matter.

29. Subsidiary undertakings

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

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

Financial statements

Profit and loss account	Age UK Trading CIC £'000	Age UK Enterprises Limited £'000	Help Age International UK £'000	Age Cymru (since acquisition) £'000	Age UK Suffolk £'000	Total 2018 £'000	Total 2017 £'000
Turnover	48,834	37,920	14,210	8,805	2,301	112,070	112,917
Gain on disposal (Aid-Call)	1,151					1,151	13,688
Expenditure	(48,095)	(35,253)	(14,210)	(8,954)	(2,145)	(108,657)	(102,063)
Profit/(loss) for the year	1,890	2,667	-	(149)	156	4,565	24,542
Gift aid to parent under written resolution	(1,230)	(2,987)	-	-	-	(4,217)	(25,040)
Result for the year transferred to reserves	660	(320)	-	(149)	156	348	(498)

Balance sheet	Age UK Trading CIC £'000	Age UK Enterprises Limited £'000	Help Age International UK £'000	Age Cymru (since acquisition) £'000	Age UK Suffolk £'000	Total 2017 £'000	Total 2017 £'000
Total fixed assets	547	-	-	772	64	1,383	1,355
Current assets	6,967	11,209	478	456	936	20,046	19,976
Total liabilities	(6,843)	(10,757)	(447)	(269)	(493)	(18,809)	(20,796)
Net assets	671	452	31	959	508	2,621	535

30. Other recognised gains and losses

The Group's subsidiary Aid-Call Limited was sold as a going concern to the AXA PPP group of companies on 1 November 2016. Proceeds from the sale amounted to £18,723,437 with the gain on disposal recognised as £13,758,302 in the year ended 31 March 2017. A further gain of £1,150,939 has been recognised in the current period reflecting the release of excess provisions for costs to enable the sale.

31. Income/(expense) in relation to acquisition of subsidiary charities

On 1 October 2017 the Group took control of the Welsh national provider of Age UK services, Age Cymru (registered charity in England and Wales – no. 1128436). At the date of the acquisition Age Cymru group had net assets of £963,000. The resulting increase in Age UK's balance sheet is recognised in the Statement of Financial Activities within other recognised gains and losses.

	£'000	£'000
Consideration paid		-
Net assets acquired		
Fixed assets	791	
Net current assets/(liabilities)	183	
Long term liability (pension deficit)	(11)	963
Gain recognised on acquisition		963

The consolidated statement of financial activities on page 74 includes revenues of £8,805,000 and a net deficit of £149,000 recognised by Age Cymru group in the six months since the date of control.

As disclosed in last year's Annual Accounts the charity took control of Age UK Suffolk, a previously independent charity, on 10 February 2017. Net liabilities acquired, and the amount of goodwill written off on consolidation, was calculated as £292,000. During the current period this calculation has been revised downwards by £133,000 which is also reflected in other recognised gains and losses in the consolidated statement of financial activities for the year ended 31 March 2018.

32. Grants receivable

Under the terms of the grant agreement or contract the following grants received in the year ended 31 March 2018 are disclosed individually.

Funder	Programme	Project	£
E.ON	Warm home Discount Industry Initiative Programme	Warm Homes	£2,104,000.00
First Utility	Warm home Discount Industry Initiative Programme	Warm Homes	£244,500.00

| 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.

Adint Charitable Trust

Ageas

Aged Veterans Fund

Apetito

Arm Limited

Avis Budget UK

Aviva

The Balcombe Charitable Trust

Barclays UK

Big Lottery Fund

Bloomberg

British Gas

Centre for Accelerating Social Technology

City Bridge Trust

Common Humanitarian Fund (CHF)

Cosaraf Charitable Trust

Credit Suisse

Department of Health and Social Care

Department for International Development (DFID) – UK Aid

D G Charitable Settlement

Disasters Emergency Committee (DEC)

Dignity

Donald Forrester Trust

Edith Murphy Foundation

E.ON

Ernest Ingham Charitable Trust

European Commission (EC)

The Eveson Charitable Trust

The Exilarch's Foundation

First Utility

The Foster Wood Foundation

Gressingham Duck

Gwyneth Forrester Trust

HSBC

The Ingram Trust

innocent

International Olympic Committee (IOC)

International Rescue Committee (IRC)

Jersey Overseas Aid (JOA)

Kennedys

The Kirby Laing Foundation

Leeds Building Society

Legal & General

Lloyds Bank Foundation for England and Wales

LV=

Manning Gottlieb OMD

Masonic Charitable Foundation

Milton Damerel Trust

The Miss S M G Ross Trust

Morrisons Foundation

Nationwide Building Society

NatWest

NHS England

npower

Nuffield Health

The Osberton Trust

Park House Charitable Trust

Peacock Charitable Trust

Prudential plc

Prudential UK & Europe

ReAssure

RGA UK Services Limited

The Rhododendron Trust

Rothesay Life

Royal Bank of Scotland

Santander UK

The Schroder Foundation

Scottish and Southern Energy Power Distribution

Sir James Rickett Charity

Smart Energy GB

Sport England

START network

Stavros Niarchos Foundation (SNF)

UNHCR

UNOCHA

UNOPS – LIFT

Welland Charitable Trust

William Hill

Williams Lea Tag

Wiltshire Farm Foods

Zurich Community Trust



References

1. Estimates of unmet need are Age UK analysis (July 2018) based on data from the English Longitudinal Study of Ageing, Waves 7 and 8.
2. Households below average income: An analysis of the UK income distribution: 1994/95-2016/17.
3. Estimates of unmet need are Age UK analysis (July 2018) based on data from the English Longitudinal Study of Ageing, Waves 7 and 8.
4. Income-related benefits: estimates of take-up: financial year 2015/16, (tables PC2, HB2), DWP 2017.
5. Understanding retirement: a deep dive into financial capability among older people, The Money Advice Service 2016 www.fincap-two.cdn.prismic.io/fincap-two%2F6f86760a-5335-4b18-99e2-497cf855ca5d_opir+deep+dive+final.pdf
6. Age UK analysis of the February 2018 release of the NHS Outcomes Framework Indicators prepared by the Clinical Indicators team at NHS Digital.
7. TNS, (2015). Tracker Survey for Age UK. TNS.
8. Index of wellbeing in later life, Age UK, February 2017.
9. Social relationships and mortality risk: a meta-analytic review. Holt-Lunstad J, Smith TB, Layton JB. PLoS Med 2010;7(7).
10. Age UK analysis from YOU Gov/Age UK survey, August 2018.
11. All the lonely people: loneliness in later life, Age UK, September 2018.
12. Global AgeWatch Index 2014, Insight Report, HelpAge International, 2014.
13. Cambridge Scholars; Rebuilding Sustainable Communities with Vulnerable Populations after the Cameras Have Gone; page XXI.
14. Source: nfpSynergy's Charity Awareness Monitor, October 2018. Sample size: 1,000 GB adults aged 16+.
15. 72% trust Age UK 'a great deal'/quite a lot' - Source: nfpSynergy's Charity Awareness Monitor, October 2018. Sample size: 1,000 GB adults aged 16+.
16. Estimates of unmet need are Age UK analysis (July 2018) based on data from the English Longitudinal Study of Ageing, Waves 7 and 8.
17. National population projections for the UK, 2016-based, Office for National Statistics, 2017.
18. Households below average income: An analysis of the UK income distribution: 1994/95-2016/17.
19. Internet Users in the UK 2018 ONS, 2018.
20. Understanding retirement: a deep dive into financial capability among older people, The Money Advice Service 2016 https://fincap-two.cdn.prismic.io/fincap-two%2F6f86760a-5335-4b18-99e2-497cf855ca5d_opir+deep+dive+final.pdf
21. Age UK/ You Gov survey plc, August 2018.
22. Income-related benefits: estimates of take-up: financial year 2015/16, (tables PC2, HB2), DWP 2017.
23. Households below average income: 1994/95-2016/17 Table 6b, DWP, 2018.
24. How would removal of the State Pension triple lock affect adequacy? Pensions Policy Institute, 2018.
25. Age UK analysis of the February 2018 release of the NHS Outcomes Framework Indicators prepared by the Clinical Indicators team at NHS Digital.
26. You can read the Wellbeing Index in full on our website www.ageuk.org.uk/our-impact/policy-research/wellbeing-research/index-of-wellbeing/

-
27. Internet Users in the UK 2018 ONS, 2018.
 28. www.comparethemarket.com/energy/information/over-65s-hit-hard-in-latest-cold-snap/
 29. Age UK's calculation based on the method described in South East Regional Public Health Group Factsheet (2009) Health and Winter Warmth. This made use of a calculator produced by the Chartered Institute of Environmental Health to estimate the total cost to the NHS in England arising from cold homes. Age UK updated its figure (£859 million) using 2011 household numbers estimates for England (Office for National Statistics) and the GDP deflator (from HM Treasury's website) to inflate the estimates to 2011/12 prices.
 30. All the lonely people: loneliness in later life, Age UK, September 2018.
 31. Holt-Lunstad, J., Smith, T. B., Baker, M., Harris, T., & Stephenson, D. (2015). Loneliness and social isolation as risk factors for mortality: A meta-analytic review. *Perspectives on Psychological Science*, 10, 227–237.
 32. This is included in our overall unclaimed benefit total detailed on page 24.
 33. 2017 Revision of World Population Prospects, United Nations.
 34. IBID.
 35. Full time equivalents.
 36. 1000 adults aged 16+ in Britain per wave. Source: Charity Awareness Monitor, April 2018, nfpSynergy, Top Ten.

We'd love your support

You can help Age UK in so 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 WC1H 9NA. Age UK and its subsidiary companies and charities form the Age UK Group, dedicated to helping more people love later life. ID204070 12/18