Registered number: 03156159

Age UK Enterprises Limited

Annual report and financial statements

Year ended

31 March 2016

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DIRECTORS AND ADVISERS

Directors	Ian R Foy Alan Patchett Douglas Strachan Simon Waugh André Oszmann Stuart Purdy.
Registered office	Tavis House 1-6 Tavistock Square London WC1H 9NA
Bankers	Barclays Bank plc Croydon Branch 1 North End Croydon CR9 1RN RBS Group 280 Bishopsgate London EC2M 4RB
Auditor	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL
Solicitors	Ashfords LLP Bull Wharf Redcliffe Street Bristol BS1 6QR

STRATEGIC REPORT

The directors present their strategic report, directors' report and financial statements for Age UK Enterprises Limited for the year ended 31 March 2016.

Business review

Age UK Enterprises Ltd (Enterprises) is registered under the Financial Conduct Authority for the regulated part of its business, namely the provision of insurance services. It also promotes other financial products such as funeral plans and energy plans as well as running a weekly lottery.

During 2016

Enterprises continued to work closely with its commercial partners to provide insurance and other products that are tailored to the needs of people in later life. Distribution is via partner operated call centres, the company's own call centre, the internet and the network of Trading Alliance Members who provide face-to-face contact with our customers. Increasing volumes of business are transacted through the internet.

Enterprises faced tough trading conditions across a number of products and services. Funeral plans have been especially challenging. Home and travel insurance were also difficult due to a highly competitive market, but we were pleased this year to secure a new long-term partnership with our current insurance partner, Ageas Insurance, which will be a strong platform for growth. We also decided to exit the energy market, which had little impact in-year.

The profit in the year before Gift Aid and tax was £7,995,728 (2014/15: £8,098,454). During the year the company paid the Gift Aid of £7,979,322 declared in the prior year to Age UK. Since the clarification of the ICAEW guidance on Gift Aid, no further distributions have been made during the year. However, prior to the year end, the company's shareholder, Age UK, formally approved a Gift Aid payment amounting to the total taxable profits for the year, creating an obligation to pay this. As such, Gift Aid of £8m has been recognised in the accounts.

Trading Alliance Members

As at 31 March 2016, 85 local Age UKs were working collaboratively with Enterprises to distribute its products and services. The Trading Alliance Members (TAMs) provide a valuable face-to-face service in their local area.

All TAMs sign up to the Trading Alliance Agreement to formalise the working arrangement and this agreement is reviewed regularly. Under the current agreement, relevant profits are shared between TAMs and Enterprises. During 2015/16 TAMs received £10.5m of income made up of profit share and commission from sales made by them and within their area.

STRATEGIC REPORT (continued)

Key performance indicators (KPIs)

Enterprises monitors business financial performance using a number of KPIs focusing on profit, revenue growth, and growth in the value of gross written premiums for insurance products. The performance for the year, together with comparative data is set out in the table below:

	2016	2015	Definition
Profit (decrease) (%)	(1.37%)	(28.75%)	Year on year movement in profit on ordinary activities before tax
Revenue increase/(decrease) (%)	(3.92%)	(5.74%)	Year on year movement in turnover
Gross written premiums increase/(decrease) (%)	1.40%	(1.50%)	Movement in the underlying value of insurance business written

Principal risks and uncertainties

Employees
As a services organisation the company's performance relies on the recruitment, development and retention of talented employees without whom it may not achieve its financial and other objectives. Enterprises has recruitment and performance monitoring processes and procedures in place to provide employees with opportunities and support for personal development.

IT
Achievement of the company's financial and other objectives depends partly on its IT platform and systems which link it with suppliers and its shareholder – failure to manage and control these will expose the company to significant risk of data corruption, loss and misappropriation and to poor reporting. The company uses IT systems which together with those of our partners and suppliers protect our business and our customers. In conjunction with risk management procedures, disaster recovery and business continuity plans, there are suitable processes in place to safeguard IT and data.

Economic
The economic climate has resulted in a more competitive environment. Enterprises has business planning procedures, regular product and pricing reviews and close working relationships with its suppliers, to mitigate economic risk.

Commercial relationships
Enterprises relies on successful relationships with its commercial partners in order to deliver revenue generation and appropriate products and services to its customers. Appropriate contractual terms and ongoing supplier management are key in ensuring positive outcomes. Enterprises has dedicated, knowledgeable staff overseeing its commercial relationships; and ensures that appropriate advice is taken prior to entering into key contracts.

Financial
In order to mitigate the risk of failing to achieve its financial objectives, Enterprises operates a framework of control procedures which include business planning, purchase ordering and reporting to the Board. Oversight of the executive function is provided by the Audit and Risk Committee; a sub-committee of the Board.

Regulatory
Enterprises is regulated by the FCA for the general insurance part of its business and by the Gambling Commission for the lottery. A failure to comply with the regulations could have a significant impact on Enterprises' ability to operate and its financial results. The Audit and Risk Committee, a sub-committee of the Board, exercises oversight of the regulatory risk, and is supported by a Risk, Compliance and Governance team who ensure regulatory risk is controlled and managed.

STRATEGIC REPORT (continued)

Financial risk management objectives and management

Enterprises uses various financial instruments. These principally comprise loans and other amounts due to Age UK and trade debtors and creditors.

The existence of these financial instruments exposes the company to a number of financial risks, the principal ones of which are liquidity risk and credit risk. The company operates a risk management strategy that limits the possible adverse effects on the financial performance of Enterprises. In relation to the loan balance with Age UK, Enterprises sweeps any balance that exceeds its regulatory and operating cash requirements for the next seven days into Age UK on a daily basis.

Approved by the board of directors
and signed on behalf of the board

Douglas Strachan
Director
Tavis House
1 – 6 Tavistock Square
London
W1CH 9NA

05 December 2016

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 March 2016.

Going concern

The directors anticipate that Enterprises will continue to make profits from existing products and will continue to develop new products appropriate for people in later life to generate future revenue streams. Ongoing marketing investment both by Enterprises and the parent charity, Age UK, are expected to increase awareness of the company's products further and hence increase future profitability. As a result the going concern basis of accounting continues to be adopted.

Directors

The membership of the Board is set out below. All served on the board throughout the year except where noted:

Rajeev Arya (resigned 31/12/2015)
Graham Berville (resigned 31/12/2015)
Myles J Edwards (resigned 31/12/2015)
Ian R Foy (appointed 26/11/2015)
Dianne Jeffrey (resigned 31/12/2015)
Gordon G Morris (resigned 31/12/2015)
Alan Patchett
Peter A Robinson (resigned 31/12/2015)
Sally C Shire (resigned 31/12/2015)
Douglas Strachan
Simon Waugh
Julian Wittey (resigned 31/12/2015)
Tom Wright (resigned 31/12/2015)
André Oszmann (appointed 22/03/2016)
Stuart Purdy (appointed 22/03/2016).

Subsequent events

There are no important events affecting the company which have occurred since the end of the financial year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware. The directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

A resolution to re-appoint the auditor, KPMG LLP, will be proposed at the next Annual General Meeting.

Approved by the board of directors
and signed on behalf of the board

Douglas Strachan
Director
Tavis House
1 – 6 Tavistock Square
London W1CH 9NA
05 December 2016

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGE UK ENTERPRISES LIMITED

We have audited the financial statements of Age UK Enterprises Limited for the year ended 31 March 2016 set out on pages 9 to 26. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

This report is made solely to the 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 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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGE UK ENTERPRISES LIMITED (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Lynton Richmond

Lynton Richmond
Senior Statutory Auditor, for and on behalf of
KMPG LLP
Statutory Auditor
Chartered Accountants

15 Canada Square
Canary Wharf
London
E14 5GL

Date 21 December 2016

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2016

	Note	2016 Total £	2015 Total £
Turnover	3	**45,745,104**	47,610,577
Cost of sales		**(27,438,652)**	(27,322,806)
Gross profit		**18,306,452**	20,287,771
Administrative expenses		**(10,238,148)**	(12,099,181)
Operating profit		**8,068,304**	8,188,590
Interest receivable	7	**27,424**	9,864
Interest payable	7	**(100,000)**	(100,000)
Profit before taxation	3	**7,995,728**	8,098,454
Taxation	8	**(1,549,833)**	(1,686,606)
Profit for the financial year		**6,445,895**	6,411,848
Actuarial gain/(loss) on pension scheme	21	**57,000**	(74,000)
Total comprehensive income for the financial year		**6,502,895**	6,337,848

The results above all arose from continuing operations.
There was no other comprehensive income recognised in the year (2015: Nil)
The profit for the financial year is attributable to the shareholders.

The notes on pages 12 to 26 form part of these financial statements.

BALANCE SHEET as at 31 March 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	10	2,321,904	2,492,444
Intangible assets	11	-	36,167
Investments	12	-	54
		2,321,904	2,528,665
Current assets			
Debtors	13	9,578,910	7,695,511
Cash at bank and in hand		6,103,720	2,362,243
		15,682,630	10,057,754
Creditors: amounts falling due in less than one year	14	(13,743,252)	(8,461,360)
Net current assets		1,939,378	1,596,394
Total assets less current liabilities		4,261,282	4,125,059
Creditors: amounts falling due in more than one year	15	(2,000,000)	(2,000,000)
Provisions for liabilities	16	(1,438,578)	(1,548,919)
Net assets		822,704	576,140
Capital and reserves			
Called up share capital	17	500,000	500,000
Profit and loss account	18	322,704	76,140
Shareholders' funds		822,704	576,140

The financial statements were approved by the board of directors and were signed on its behalf on 05 December 2016, by:

Douglas Strachan
Director

Registered number: 03156159 England and Wales

The notes on pages 12 to 26 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2016

	Share capital £	Retained earnings £	**Total equity £**
Balance at 1 April 2014	500,000	43,383	543,383
Profit for the year	-	6,337,848	6,337,848
Current tax credit		1,674,231	1,674,231
Transactions with parent:			
Gift Aid	-	(7,979,322)	(7,979,322)
Balance at 31 March 2015	500,000	76,140	576,140
Profit for the year	-	6,502,895	6,502,895
Current tax credit		1,549,833	1,549,833
Transactions with owners:			
Gift Aid		(7,806,164)	(7,806,164)
Balance at 31 March 2016	500,000	322,704	822,704

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2016

1 Accounting policies

The principal accounting policies are summarised below.

Basis of preparation

Age UK Enterprises is a private limited company incorporated in England and Wales. The address of the registered office is Tavis House, 1-6 Tavistock Square, London WC1H 9NA.

These financial statements are the first annual financial statements of the company and the group prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The transition date was 1 April 2014, the first date at which FRS 102 was applied. In accordance with FRS 102 the company has:

- provided comparative information;
- applied the same accounting policies throughout all periods presented;
- retrospectively applied FRS 102 as required; and
- applied certain optional exemptions and mandatory exceptions as applicable for first time adopters of FRS 102.

Further information about the transition to FRS 102 can be found in note 25.

The financial statements have been prepared under the historical cost convention.

Exemptions

The parent company has taken advantage of the following exemptions available under FRS 102:

- the exemption from preparing a statement of cash flows;
- the exemption from disclosing key management personnel compensation.

Going concern

On the basis of their assessment of the company's financial position the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Please see the directors' report on page 5 for further details.

Consolidation

The company has taken advantage of the exemption granted under Section 400 of the Companies Act 2006 not to prepare consolidated accounts. Consolidated accounts are prepared by Age UK (see note 24). Accordingly, the company's financial statements present information about it as an individual undertaking and not about its group.

Turnover

Turnover from commissions is recognised when the customer is accepted. A proportional provision is made for potential future cancellations. Turnover from other services provided is recognised when payment is received. Where payments are received from customers in advance of services provided the amounts are recorded in deferred income and included as part of creditors due within one year.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2016 (continued)

1 Accounting policies (continued)

Deferred taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Tangible assets

Tangible assets comprise leasehold improvements and equipment. Leasehold improvements and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets to their residual values, over their estimated lives, using the straight-line method, on the following bases:

Freehold buildings	2.5% per annum
Computer equipment	33% per annum
Furniture and equipment	10% to 33% per annum
Plant and machinery	25% per annum

Stock

Stocks are stated at the lower of cost and net realisable value, after making allowance for obsolete items. Cost represents the purchase price.

Retirement benefits schemes

Defined Contribution Scheme

Contributions are charged to the profit and loss account as incurred. The assets of the scheme are held separately from those of the company in an independently administered fund.

Defined Benefit Scheme

Certain employees of the company are members of the Age Concern Retirement Benefits Scheme under which retirement benefits are funded by contributions from the company and employees. The Scheme closed to future accrual on 1st December 2008. Payment is made to the pension trust, which is separate from the company and the Age UK Group, in accordance with calculations made periodically by consulting actuaries.

The company has followed the provisions of FRS 102 section 28. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the current service cost of providing the benefits, curtailment and settlement gains and losses and financial returns on the pension fund, all reflected in the period to which they relate. Actuarial gains and losses are recorded through the statement of recognised gains and losses. Disclosure has been made of the assets and liabilities of the scheme under FRS 102 in note 21 to the accounts.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2016 (continued)

1 Accounting policies (continued)

Gift Aid

The directors consider the Gift Aid payment to be akin to a distribution and therefore it is presented outside of the profit and loss account as an adjustment to profit taken to retained earnings.

Gift Aid payments to the parent charity represent an estimate of the company's taxable profits for the year. Under the current Gift Aid arrangements, all current and future taxable profits are payable to Age UK and are recognised in the year the taxable profits are made through a yearly Written Resolution from the shareholder, Age UK.

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the group's cash management.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. At the balance sheet date all leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Employee benefits

Short term employee benefits including holiday pay are accrued as services are rendered. Contributions to defined contribution pension schemes are charged to profit or loss as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and those actually paid are shown as either accruals or prepayments in the balance sheet.

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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2016 (continued)

2 Key sources of estimation uncertainty and judgements (continued)

Key sources of estimation uncertainty

The key sources of estimation uncertainty relate to assumptions made in the actuarial pension valuation.

Judgements

Key judgements include assumptions made relating to early termination of contracts and the resulting provisions required.

3 Turnover and profit before taxation

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

	2016 £	2015 £
Commission from sales of insurance	**21,158,406**	21,915,567
Other commission	**14,529,154**	15,650,492
Income from other activities	**10,057,544**	10,044,518
	45,745,104	47,610,577

Operating profit for the period is stated after charging:	2016 £	2015 £
Depreciation – Tangible fixed assets		
Owned	**51,102**	74,064
Leased		
Operating lease payments recognised as an expense	**64,584**	76,922
Rentals under operating leases:		

Auditor's remuneration	2016 £	2015 £
Fees payable to the company's auditor for the audit of the company's annual financial statements	**41,723**	38,103
Fees payable to the company's auditor and its associates for other services to the group:		
Tax compliance services	**10,405**	9,636
Tax advisory services	**-**	-
Other assurance services	**93,318**	83,038

The audit fee is paid on behalf of sister companies in the group. The fees for both years include the audit fees in respect of Age Concern Financial Solutions Limited, Age Concern Holdings Limited and Intune Group Limited.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2016 (continued)

4 Operating lease commitments

At the balance sheet date the company has future minimum lease payments under non-cancellable leases as follows:

Due:	**2016 £**	**2015 £**
Within one year	**3,705**	-
Within two to five years	**165,805**	229,639
After five years	**-**	-
	169,510	229,639

5 Staff costs

The average number of employees of the company during the year was:	**2016 Number**	**2015 Number**
Sales and distribution	**14**	12
Administration	**146**	159
	160	171

	£	**£**
Staff costs for the above persons were:		
Wages and salaries	**5,333,927**	5,089,495
Social security costs	**551,248**	508,497
Pension costs	**499,180**	471,413
	6,384,355	6,069,405

6 Directors' remuneration

	2016 £	**2015 £**
Emoluments	**585,305**	598,587
Pension contributions to money purchase pension schemes	**61,052**	40,281
	646,357	638,868

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2016 (continued)

6 Directors' remuneration (continued)

Company contributions paid or treated as paid into a money purchase arrangement in respect of the director's qualifying services related to 4 directors (2015: 4 directors). No emoluments were payable to A. Patchett as a non-executive director. The remuneration disclosed above does not include any emoluments payable to T. Wright, R. Arya or D. Jeffrey. Directors' remuneration is disclosed in the accounts of the company which made the payment. In the case of T. Wright and R. Arya this was Age UK Services Limited until 31 October 2015 and Age UK Trading CIC after and that date. For D. Jeffrey it was Aid-Call Limited.

The emoluments of the highest paid director amounted to a total of £144,861 (2015: £168,766). No amounts were received or receivable by the director under long term incentive schemes (2015: £nil). Company contributions paid or treated as paid into a money purchase arrangement in respect of the director's qualifying services amounted to £19,350 for the year (2015: £14,432). The highest paid director did not participate in the defined benefit pension scheme in either financial year. Redundancy and payments for loss of office totalled £463,176.

7 Interest receivable and payable	**2016** **£**	**2015** **£**
Other interest receivable	**27,424**	9,864
Interest on loan from parent company	**(100,000)**	(100,000)

8 Taxation	**2016** **£**	**2015** **£**
Current tax		
Total tax expense for the year	**1,549,833**	1,686,606

The difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2016 (continued)

8 Taxation (continued)

	2016	2015
	£	£
Profit before taxation	**7,995,728**	8,242,692
Tax on profit on ordinary activities at standard UK corporation tax rate of 20% (2015:21 %)	**1,599,146**	1,730,965
Effects of:		
Fixed asset differences	**(27,667)**	(49,977)
Expenses not allowable for taxation	**401**	1,597
Adjust closing deferred tax to average rate of 20.00%	**5,801**	(1,427)
Deferred tax not recognised	**(27,848)**	-
Movement in short-term timing differences	-	5,448
Re-measurement of deferred tax – change in the UK tax rate		
Total tax expense for the year	**1,549,833**	1,686,606

An amount of £52,208 (2015: £35,456) has been identified as a deferred tax asset which has not been provided for above. No deferred tax provision has been made for this on the basis that taxable profits will continue to be Gift Aided to charity and therefore this asset is unlikely to be realised.

A reduction in the UK corporation tax rate to 20% was substantively enacted on 1 April 2015.
In the budget the Chancellor announced planned reductions to 19% from 01 April 2017 and 18% from 01 April 2020. This will reduce any future current tax charge accordingly. Any deferred tax at 31 March 2016 has been calculated based on the rate of 18% being the rate substantively enacted at the balance sheet date.

9 Gift Aid payment

Profits chargeable to corporation tax are Gift Aided to Age UK. Gift Aid payable for year ended 31 March 2016 is £7,806,164 (2015: £7,979,322).

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2016 (continued)

10 Tangible assets

	Freehold land and buildings	Computer equipment	Furniture and equipment	Plant and machinery	Total £
Cost					
At 1 April 2015	2,007,868	833,857	166,140	67,923	3,075,788
Additions	-	74,614	-	-	74,614
Disposals	-	-	-	-	-
At 31 March 2016	2,007,868	908,471	166,140	67,923	3,50,402
Depreciation					
At 1 April 2015	392,883	-	132,180	58,281	583,344
Charge for the year	46,696	179,593	10,784	8,081	245,154
Disposals	-	-	-	-	-
At 31 March 2016	439,579	179,593	142,964	66,362	828,498
Net book value					
At 31 March 2016	**1,568,289**	**728,878**	**23,176**	**1,561**	**2,321,904**
At 31 March 2015	1,614,985	833,857	33,960	9,642	2,492,444

11 Intangible assets

	Capitalised costs relating to insurance retender project £
Cost	
At 1 April 2015	36,167
Additions during the year	-
Disposals during the year	(36,167)
At 31 March 2016	-
Net book amount at 31 March 2016	-
Net book amount at 31 March 2015	36,167

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2016 (continued)

12 **Investments**	**2016**	**2015**
	£	**£**
Cost and net book value at 1 April	**54**	3
Disposals in the period	**(54)**	-
Additions in the period	**-**	51
Cost and net book value at 31 March	**-**	54

At 31 March 2016 the company held investments in the following subsidiary undertaking, which is held at a net book value of £0:

Name	**Country of incorporation**	**Nature of business**	**Class of share held**	**Proportion of shareholding**
Age Concern Funeral Services Limited	United Kingdom	Sale of funeral products	Ordinary	100%

13 **Debtors**	**2016**	**2015**
	£	**£**
Due within one year		
Trade debtors	**8,062,392**	5,930,440
Amounts owed by group undertakings	**198,449**	435,159
Prepayments and accrued income	**89,448**	99,911
Other debtors	**28,621**	30,001
	8,378,910	6,495,511
Due after more than one year		
Loan to Age UK	**1,200,000**	1,200,000

14 **Creditors: amounts falling due within one year**	**2016**	**2015**
	£	**£**
Trade creditors	**1,953,146**	2,135,288
Amounts owed to group undertakings	**135,131**	188,652
Amounts owed to parent company	**2,727,991**	1,263,428
Taxation and social security	**1,059,583**	238,922
Accruals and deferred income	**7,768,667**	4,544,691
Other creditors	**98,734**	90,379
	13,743,252	8,461,360

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2016 (continued)

15 **Creditors: amounts falling due after more than one year**	**2016**	**2015**
	£	**£**
Long term loan from parent company	**2,000,000**	2,000,000

The loan from the parent company is subordinated to all other liabilities and has no fixed repayment date. Interest is charged at Bank Base rate plus 4.5%.

16 Provisions

	Defined benefit pension scheme liability (see note 21)	Staff Bonus Provision	Holiday Pay Provision	Lapses & Mid Term Cancellations Provision	**Total**
	£	£	£	£	£
Balance at 1 April 2015	223,000	63,425	136,238	1,126,256	**1,548,919**
Provisions made during the year	-	38,960	126,362	-	**165,322**
Provisions used during the year	-	(63,425)	(136,238)	-	**(199,663)**
Provisions reversed during the year	(76,000)	-	-	-	**(76,000)**
Balance at 31 March 2016	**147,000**	**38,960**	**126,362**	**1,126,256**	**1,438,578**

17 **Share capital**	**2016**	**2015**
	£	**£**
Allotted, called up and fully paid 500,000 ordinary shares of £1 each	**500,000**	500,000

18 Reserves

Retained earnings: this reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

19 Capital commitments

The company had no capital commitments at 31 March 2016 or 31 March 2015.

20 Contingent liabilities

There were no contingent liabilities at 31 March 2016 or 31 March 2015.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2016 (continued)

21 Retirement benefit obligations

Pension schemes operated

During the year the group has principally operated two schemes:

(i) a defined contribution pension scheme for which the contributions are charged to the profit and loss account as incurred. The assets of the scheme are held separately from those of the company in an independently administered fund.

(ii) the Age Concern Retirement Benefits Scheme, which is an approved defined-benefit scheme, providing defined-benefit pensions for employees of the Age Concern Group and members of the Age Concern Federation. The Age Concern Retirement Benefits Scheme is a multi-employer plan as described by FRS102 – Retirement Benefits. In October 2012 the Age Concern Retirement Benefits Scheme and the Help the Aged Final Salary Scheme merged on a sectionalised basis under the Age UK Retirement Benefits Scheme. The two sections on the scheme are the Age Concern Section and the Help the Aged section. The figures shown in this note are in respect of Age UK Enterprises only. Under FRS102 the assets and liabilities for the scheme have been allocated to Age UK Enterprises and other participating employers on the basis of a member's current/last known employer. At 31 March 2012, the company's share of the assets/liabilities was 2% and this has remained at 2% at 31 March 2016. Details of the independent actuarial valuation of the scheme by a professionally qualified actuary are contained in the group accounts available from Age UK , Tavis House, 1-6 Tavistock Square, London, WC1H 9NA. This scheme is no longer available to new employees.

Defined Contribution Scheme

The pension cost under the defined contribution scheme amounted to £487,188 (2015: £466,805). A pension accrual of £51,791 (2015: £57,687) is included in the balance sheet in relation to this scheme.

Defined Benefit Pension Scheme

The scheme is now closed to both new entrants and future benefit accrual.

The employer contributions during the accounting period amounted to £28,608 (2015: £28,608) and the contribution the employer currently expects to pay for the year ending 31 March 2017 is £28,608. This contribution includes an allowance for administration expenses and PPF levies.

Financial Reporting Standard 102 Disclosures

For the year ended 31 March 2016 the company accounted for its defined benefit pension liability in accordance with FRS 102.

A full actuarial valuation of the scheme was carried out at 1 April 2013 and the results of this valuation have been updated to 31 March 2016 by a qualified independent actuary. The expected Employer contributions for the year ending 31 March 2017 are £29,000.00. As required by FRS 17, the defined-benefit liabilities have been measured using the projected unit method.

In these circumstances the use of this method can lead to the contribution rate underlying the current service cost increasing in future years.

The expected return on assets is based on long term expectations at the beginning of the period following the balance sheet date and is expected to be reasonably stable.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2016 (continued)

21 Retirement benefit obligations (continued)

The principal actuarial assumptions at the balance sheet date:	**31 March 2016**	31 March 2015
Discount rate	**3.40%**	3.30%
Rate of increase in salaries	**N/A**	N/A
Rate of increase in payment of pre 2006 pensions	**3.00%**	3.10%
Rate of increase in payment of post 2006 pensions	**2.50%**	2.50%
Inflation assumption (RPI)	**3.00%**	3.10%
Inflation assumption (CPI)	**2.00%**	2.00%
Proportion of pension exchanged for cash	80% of maximum entitlement	

	31 March 2016	31 March 2015
Mortality	**S2P base tables projected by year of birth assuming future improvements in line with CMI 2015 core projections with a long-term rate of improvement of 1% pa.**	S2P base tables projected by year of birth assuming future improvements in line with CMI 2014 core projections with a long-term rate of improvement of 1% pa.
Life expectancy for male currently aged 65	**21.9 years (age 86.9)**	22.1 years (age 87.1)
Life expectancy for female currently aged 65	**23.9 years (age 88.9)**	24.1 years (age 89.1)
Life expectancy at 65 for male currently aged 45	**23.2 years (age 88.2)**	23.4 years (age 88.4)
Life expectancy at 65 for female currently aged 45	**25.4 years (age 90.4)**	25.6 years (age 90.6)
Cash commutation	Allowance has been made for all members to exchange 80% of the maximum cash allowance available upon retirement.	Allowance has been made for all members to exchange 80% of the maximum cash allowance available upon retirement

Scheme asset allocation	**31 March 2016 £**	**%**	31 March 2015 £	%
Equities	208,000	20.2	216,000	21.1
Diversified Growth	216,000	20.9	221,000	21.5
Property	81,000	7.8	72,000	7.0
Gilts and Bonds	517,000	50.1	506,000	49.3
Cash	10,000	1.0	10,000	1.1
Total	1,032,000	100.0	1,025,000	100.0

Reconciliation of funded status to balance sheet	**31 March 2016 £**	31 March 2015 £
Fair value of assets	1,032,000	1,025,000
Present value of funded defined benefit obligations	(1,179,000)	(1,248,000)
Funded status	(147,000)	(223,000)
Asset/(liability) recognised on the balance sheet	(147,000)	(223,000)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2016 (continued)

The amounts recognised in the income statement are as follows:	**31 March 2016 £**	31 March 2015 £
Interest on net defined benefit liability/(asset)	**7,000**	6,000
	7,000	6,000
Current service cost	**3,000**	5,000
Total	**10,000**	11,000

Amounts recognised in Other Comprehensive Income:	**31 March 2016 £**	31 March 2015 £
Asset gains/(losses) arising during the year	**(3,000)**	67,000
Liability gains/(losses) arising during the year	**60,000**	(141,000)
Total amount recognised in Other Comprehensive Income	**57,000**	(74,000)

Change to the present value of the defined benefit obligation	**31 March 2016 £**	31 March 2015 £
Opening defined benefit obligation	**1,248,000**	1,093,000
Current service cost	**-**	-
Interest cost	**40,000**	48,000
Actuarial (gains)/losses on scheme liabilities	**(60,000)**	141,000
Net benefits paid out	**(49,000)**	(34,000)
	1,179,000	1,248,000

Change to the fair value of scheme assets	**31 March 2016 £**	31 March 2015 £
Opening fair value of scheme assets	**1,025,000**	926,000
Income interest on Scheme assets	**33,000**	42,000
Gain/(loss) on Scheme assets	**(3,000)**	67,000
Contributions by the Employer	**29,000**	29,000
Contribution by Scheme members	**-**	-
Net benefits paid out	**(49,000)**	(34,000)
Administration costs incurred	**(3,000)**	(5,000)
Closing fair value of Scheme assets	**1,032,000**	1,025,000

Actual return on Scheme assets	**31 March**	31 March

	2016	2015
	£	£
Interest income on Scheme assets	**33,000**	42,000
Gain/(loss) on Scheme assets	**(3,000)**	67,000
The actual return on scheme assets during the year was:	**30,000**	109,000

22 Transactions with directors and other related parties

During the year the following transactions were carried out with Age Scotland Enterprises Limited which was a joint venture owned 50% by Age UK Enterprises Limited:

All of the income of Age Scotland Enterprises Limited amounting to £1,477,850 (2015: £1,491,855) represents commission which is collected by Age UK Enterprises Limited. During the year, Age Scotland Enterprises Limited paid management charges of £150,000 (2015: £150,000) to Age UK Enterprises Limited. At 31 March 2016 an amount of £97,725 (2015: £231,899) was payable to this company.

During the year the following transactions were carried out with Age NI Enterprises Limited which was a joint venture owned 50% by Age UK Enterprises Limited:

During the year Age NI Enterprises Limited earned £318,071 (2015: £303,770) of commission from Age UK Enterprises Limited and paid management charges of £20,000 (2015: £40,000). At 31 March 2016 an amount of £20,919 (2014: £14,277(payable to) was receivable from this company.

There are no other related party transactions.

23 Ultimate parent company

The immediate parent company is Age UK Trading CIC.

The directors consider that the ultimate parent undertaking and controlling party of the company to be Age UK, a charitable company limited by guarantee and registered in England: registered office address Tavis House, 1-6 Tavistock Square, London, WC1H 9NA, company number 6825798, principal place of business is the UK, registered charity number 1128267.

Copies of the group financial statements are available from Age UK at Tavis House, 1-6 Tavistock Square, London, WC1H 9NA

24 Post Balance Sheet event

On 4th August 2016, the Trustees of Age UK approved a proposal from the directors of Age UK Enterprises Limited on the sale of Linhay House to AXA PPP Healthcare Group Limited for £0.98million and an associated lease entitling Age UK to continue operating out of space in Linhay House for at least the next 3 years. The sale was completed on 1 November 2016 and the lease arrangement took effect from that date.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2016 (continued)

25 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP).

There were two transition adjustments required:

(a) the prior year tax charge was increased by £1,674,231 in the Statement of Comprehensive Income with an equivalent figure credited to the Statement of Changes in Equity; FRS 102.29.22 requires tax expense/income to be recognised in the same place in the financial statements as the item that resulted in the tax expense/income. As a result, the tax benefit of the gift-aid payment is recognised directly in equity, and the tax on the profit is recognised in the income statement.

(b) the prior year reserves were reduced by £136,238 due to the creation of a holiday pay provision.