
AGE UK ENTERPRISES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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AGE UK ENTERPRISES LIMITED

COMPANY INFORMATION

Directors	Ian Foy (resigned 20 September 2018) Annette Petchey Stuart Purdy Christopher Radford (appointed 1 August 2019) Jill Robinson (appointed 31 August 2018) Douglas Strachan (resigned 1 August 2019) Barbara Merry (resigned 28 February 2019)
Registered number	03156159
Registered office	Tavis House 1-6 Tavistock Square London WC1H 9NA
Independent auditor	Crowe U.K. LLP St Bride's House 10 Salisbury Square London EC4Y 8EH
Bankers	Natwest P.O. Box 12258 1 Princes Street London EC2R 8BP
Solicitors	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH

AGE UK ENTERPRISES LIMITED

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AGE UK ENTERPRISES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

Introduction

The directors present their strategic report, directors' report and financial statements for Age UK Enterprises Limited for the year ended 31 March 2019.

Business review

Age UK Enterprises Ltd (Enterprises) is a trading subsidiary of the charity Age UK. Through a number of contractual partnership arrangements, it offers insurance services, funeral plans and equity release plans. Until 1 December 2018, it also ran a society lottery. It distributes its products via a network of appointed representatives called Trading Alliance Members who provide telephone and face to face contact with customers, supported by partner-operated call centres. Increasing volumes of business are now also being conducted online. Enterprises is regulated by the Financial Conduct Authority.

Trading companies owned by local Age UK partners are called Trading Alliance Members (TAMs). All TAMs sign a Trading Alliance Agreement (TAA) and an Appointed Representative Agreement to formalise the working arrangement that they have with Enterprises. Under the TAA, relevant commission income is shared between TAMs and Enterprises. These agreements are reviewed regularly and, following the changes made to reduce the size of the Appointed Representative network in 2017/18, were further reviewed to determine whether this method of distributing regulated products still serves Enterprises' customers in the best way. Payments under the Trading Alliance Agreement of £4.6m were made to Trading Alliance Members in the year. Post year-end, Enterprises took the decision to close the TAM network with commissions ceasing for business transacted from 1 February 2020.

The primary mission of Enterprises is to create surplus for Age UK to use in furthering its charitable objectives. Any such surplus generated by Enterprises is subject to a gift aid declaration in favour of Age UK. The expected reduction in income highlighted in the 2017/18 Statutory Accounts was realised, and the company opted not to make a Gift Aid payment to Age UK in 2018/19.

Age UK provided a capital injection to Age UK Trading CIC of £1.5m on 18 October 2019 for onward investment into Enterprises. This capital injection was provided by way of additional share capital.

Following the financial year end on 11 December 2019 Age UK Enterprises Ltd acquired the independent living activities previously carried out by its holding company Age UK Trading CIC. With effect from 1 October 2019 income and related costs from the marketing and offering for sale of independent living products will be recognised in Age UK Enterprise's financial statements.

The directors of Enterprises have reviewed financial projections for a two year period from the date of these financial statements and are of the opinion that it remains appropriate to continue to adopt the going concern basis of accounting in their preparation. This review considered the impact of lower income levels as well as the removal of the lottery income stream and necessary changes to the Enterprises cost base.

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.

AGE UK ENTERPRISES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

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.

Financial key performance indicators

Enterprises monitors business financial performance using a number of KPIs focusing on profit, revenue, and the value of gross written premiums for insurance products. It also monitors a range of customer service KPIs, including Net Promotor Scores and Service Levels.

The key financial performance for the year, together with comparative data is set out in the table below:

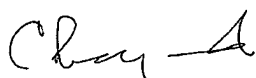
	2019	2018	Definition
Profit (%)	(13.1%)	(57.2%)	Year on year movement in profit before tax
Revenue (%)	(37.3%)	(7.4%)	Year on year movement in turnover
Gross written premiums (%)	(10.7%)	19.4%	Movement in underlying value of insurance business

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.

This report was approved by the board and signed on its behalf.



Chris Radford
Director

Date: 17 December 2019

AGE UK ENTERPRISES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Results and dividends

The profit for the year, after taxation, amounted to £1,982,380 (2018 - £2,099,473). No gift aid distribution was declared or accrued in the year. (2018 - £2,419,536)

Income dropped following renegotiation of our insurance contract with Ageas, and also due to a reduction in funeral plan sales volumes. The year only includes lottery activity up to the end of November when this activity transferred to other group entities.

The fall in income was mostly mitigated by cost reductions.

Directors

The directors who served during the year were:

Annette Petchey

Stuart Purdy

Jill Robinson (appointed 31 August 2018)

Douglas Strachan

Barbara Merry (resigned 28 February 2019)

Ian Foy (resigned 20 September 2018)

Equality, diversity and inclusion

The Company depends on the skill and commitments of its employees to do well.

The Company recognises the importance of promoting equality, valuing diversity and creating an inclusive environment for everyone we interact with. We are an Equal Opportunities employer and positively encourage applications from suitably qualified and eligible candidates, regardless of age, sex, race, disability, sexual orientation, gender reassignment, religion or belief, marital/civil partnership status, or pregnancy and maternity.

We guarantee an interview to disabled candidates who meet the essential criteria and welcome requests for flexible working and have signed up the Government's Disability Confident scheme for employers.

The Company is committed to safeguarding adults at risk, and children, from abuse and neglect. We expect everyone who works with us to share this commitment.

Employees are kept well informed and encouraged to discuss matters of concern. We have an anonymous 'Speaking up safely' telephone line available to all staff and volunteers who don't feel able to raise an issue any other way.

Future developments

The Company has continuously reviewed the buying habits of its customer base. In 2017/18, our Appointed Representative network reduced substantially, and customers have continued to prefer to contact us by telephone and online. In October 2019, Enterprises took the decision to close the Appointed Representative network completely.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AGE UK ENTERPRISES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

Post balance sheet events

On 10 October 2019 the directors took the decision to close the Appointed Representative network with commissions ceasing for business transacted from 1 February 2020.

On 18 October 2019 Age UK Trading CIC made an investment of £1.5m through the issue of share capital in Age UK Enterprises Limited.

Auditor

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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.

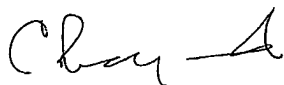
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the board and signed on its behalf.



Chris Radford
Director

Date: 17 December 2019

AGE UK ENTERPRISES LIMITED

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

Opinion

We have audited the financial statements of Age UK Enterprises Limited (the 'Company') for the year ended 31 March 2019, which comprise the Statement of comprehensive Income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its result 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.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

AGE UK ENTERPRISES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AGE UK ENTERPRISES LIMITED (Continued)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

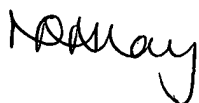
AGE UK ENTERPRISES LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AGE UK ENTERPRISES LIMITED
(Continued)**

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the 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.



Nicola May (Senior Statutory Auditor)
For and on behalf of

Crowe U.K. LLP
Statutory Auditor

St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Date: 18th December 2019

AGE UK ENTERPRISES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £	2018 <i>Restated £</i>
Turnover	4	23,216,659	37,025,074
Cost of sales		(13,619,356)	(23,327,565)
Gross profit		9,597,303	13,697,509
Administrative expenses		(7,242,353)	(10,935,941)
Operating profit		2,354,950	2,761,568
Interest receivable and similar income	8	23,203	1,451
Interest payable and similar expenses	9	(63,844)	(100,000)
Profit before tax		2,314,309	2,663,019
Taxation	10	(386,929)	(567,546)
Profit for the financial year		1,927,380	2,095,473
Actuarial gain on pension scheme		55,000	4,000
Total Comprehensive income for the financial year		1,982,380	2,099,473

There were no recognised gains and losses for 2019 or 2018 other than those included in the Statement of comprehensive income.

The notes on pages 12 to 28 form part of these financial statements.

AGE UK ENTERPRISES LIMITED
REGISTERED NUMBER: 03156159

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Current assets			
Debtors	13	7,844,792	8,818,335
Cash at bank and in hand	14	<u>1,443,275</u>	<u>2,390,764</u>
		9,288,067	11,209,099
 Creditors: amounts falling due within one year	 15	 (5,411,771)	 (7,330,485)
Net current assets		3,876,296	3,878,614
Total assets less current liabilities		3,876,296	3,878,614
 Creditors: amounts falling due after more than one year	 16	 (1,000,000)	 (2,000,000)
Provisions for liabilities			
Other provisions	18	<u>(402,556)</u>	<u>(1,426,764)</u>
		(402,556)	(1,426,764)
Net assets		2,473,740	451,850
 Capital and reserves			
Called up share capital	19	500,000	500,000
Other reserves	21	(81,000)	(157,000)
Profit and loss account	20	<u>2,054,740</u>	<u>108,850</u>
		2,473,740	451,850

The financial statements were approved by the board and authorised for issue and we were signed on its behalf by:



Chris Radford
Director
17 December 2019

The notes on pages 12 to 28 form part of these financial statements.

AGE UK ENTERPRISES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital	Pension reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2018	500,000	(157,000)	108,850	451,850
Comprehensive income for the year				
Profit for the year	-	-	1,982,380	1,982,380
Intune capital reduction	-	-	39,510	39,510
Transfer	-	76,000	(76,000)	-
Total comprehensive income for the year	-	76,000	1,945,890	2,021,890
At 31 March 2019	500,000	(81,000)	2,054,740	2,473,740

The notes on pages 12 to 28 form part of these financial statements.

AGE UK ENTERPRISES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Pension reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2017	500,000	(188,000)	459,913	771,913
Comprehensive income for the year				
Profit for the year	-	-	2,099,473	2,099,473
Gift Aid payment for the year	-	-	(2,987,081)	(2,987,081)
Tax credit on Gift Aid payment	-	-	567,545	567,545
Transfer	-	31,000	(31,000)	-
Total comprehensive income for the year	-	31,000	(351,063)	(320,063)
At 31 March 2018	<u>500,000</u>	<u>(157,000)</u>	<u>108,850</u>	<u>451,850</u>

The notes on pages 12 to 28 form part of these financial statements.

AGE UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

Exemptions

The 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 where there is no difference between key management personnel and directors.

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its ultimate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.3 Going concern

Until 1 December 2018 Enterprises ran a society lottery. The lottery generated income of £7.3m in 2018/19.

Payments under the Trading Alliance Agreement of £4.6m were made to Trading Alliance Members in the year. Post year-end, Enterprises took the decision to close the TAM network with commissions ceasing for business transacted from 1 February 2020.

In the light of the changes highlighted in the Strategic Report and to support Enterprises' growth aspirations, Age UK provided a capital injection to Age UK Trading CIC of £1.5m on 14 October 2019 for onward investment into Enterprises. This capital injection was provided by way of additional share capital.

The directors of Enterprises have reviewed financial projections for a two year period from the date of these financial statements and are of the opinion that it remains appropriate to continue to adopt the going concern basis of accounting in their preparation. This review considered the impact of lower income levels as well as the removal of the lottery income stream and necessary changes to the Enterprises cost base.

AGE UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2.4 Turnover

Turnover from commissions is recognised when the relevant contract is signed by the third party. A proportional provision is made for potential future cancellations based on past experience. The provision is charged as an expense to the Statement of comprehensive income.

Lottery income, in the period up to the creation of three separate Lottery CICs within the Age UK Group, was recognised to the extent that it was probable that the economic benefits would flow to the Company and the turnover could be reliably measured. This is considered to be on the date of the lottery draw. Turnover was measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

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.

2.5 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.6 Interest payable

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

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 1 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 Statement of comprehensive income 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 comprehensive income. Disclosure has been made of the assets and liabilities of the scheme under FRS 102 in note 21 to the accounts.

AGE UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2.8 Gift Aid

The directors consider the Gift Aid payments to be akin to a distribution and therefore are presented outside of the Statement of comprehensive income as an adjustment to profit taken to retained earnings.

Gift Aid payments to the ultimate parent charity represent an estimate of the Company's taxable profits for the period. In prior years all taxable profits were payable to Age UK and were recognised in the year that an obligation was created. Commencing with the current year, Gift Aid is no longer accrued and will be recognised in the year of payment.

The directors have decided not to make a gift aid payment on the profits for the year ended 31 March 2019.

2.9 Taxation and Deferred taxation

The tax expense for the year comprises current and deferred tax.

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

AGE UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2.10 Tangible fixed assets (continued)

Depreciation is provided on the following basis:

Plant and machinery	- 25%
Furniture and equipment	- 10% to 33%
Computer equipment	- 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

AGE UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2.15 Financial instruments

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.16 Employee benefits

Short term employee benefits including holiday pay are accrued as services are rendered. Contributions to defined contribution pension schemes are charged to the Statement of comprehensive income 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 on the balance sheet.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2.17 Prior year restatement

Income and cost of sales were both overstated in the prior year by £895k. This was due to income and expenditure being presented at a higher value than was represented by the transactions the Company had entered into. This has now been corrected and had no impact on profit or the reserves position.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

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

Sources of estimation uncertainty include:

- assumptions made in the actuarial pension valuation (see note 21) and
- assumptions made relating to early termination of contracts and the resulting provisions required. The value of these provisions at 31 March 2019 is £211k (2018: £393k)

AGE UK ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 – restated £
Commission from sales of insurance	13,842,172	22,999,880
Other commission	2,116,132	4,256,657
Lottery income	7,258,355	9,768,537
	23,216,659	37,025,074

All turnover arose within the United Kingdom.

5. Auditor's remuneration

Fees payable to the Company's auditor and its associates in respect of:

	2019 £	2018 – restated £
Audit of the annual financial statements	32,000	37,000
Tax advisory services	6,000	8,350
Other assurance services	3,000	-
	41,000	45,350

AGE UK ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	2,901,947	3,304,257
Social security costs	291,935	347,643
Cost of defined contribution scheme	220,629	318,612
	<u>3,414,511</u>	<u>3,970,512</u>

Total redundancy costs were £Nil (2018: £Nil)

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 - restated No.
Sales and distribution	13	13
Administration	55	70
	<u>68</u>	<u>83</u>

7. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	311,950	305,651
Pension contributions to defined contribution pension schemes	32,670	22,549
	<u>344,620</u>	<u>328,200</u>

The remuneration of the highest paid director amounted to a total of £140,589 (2018: £138,600).

During the year retirement benefits were accruing to no directors (2018 - NIL) in respect of defined benefit pension schemes.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £17,496 (2018 - £11,934).

AGE UK ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

8. Interest receivable

	2019	2018
	£	£
Interest on loan to ultimate parent (Age UK)	20,000	-
Other interest receivable	3,203	1,451
	<u>23,203</u>	<u>1,451</u>

9. Interest payable and similar expenses

	2019	2018
	£	£
Interest on loan from ultimate parent (Age UK)	63,844	100,000

10. Gift Aid and Taxation

The directors have decided not to make a gift aid payment on its profits for the year ended 31 March 2019 (2018: £2,987,082).

	2019	2018
	£	£
Corporation tax		
Current tax on profits for the year	386,929	572,935
Adjustments in respect of prior periods	-	(5,389)
Total current tax	<u>386,929</u>	<u>567,546</u>

AGE UK ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19%) as set out below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>2,314,309</u>	<u>2,663,018</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	439,719	505,974
Effects of:		
Adjustments to tax charge in respect of prior periods	-	(5,389)
Adjust closing deferred tax to average rate of 19%	13,052	19,208
Adjust opening deferred tax to average rate of 19%	(19,708)	(12,807)
Deferred tax not recognised	(56,577)	60,560
Pension credited directly to other comprehensive income	10,450	-
Other	(7)	-
Total tax charge for the year	<u><u>386,929</u></u>	<u><u>567,546</u></u>

Factors that may affect future tax charges

An amount of £139,967 (2018: £163,270) 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 19% was made on 1 April 2017. A further reduction to 17% has been enacted until 31 March 2023. This will reduce the Company's future current tax charge accordingly. Any deferred tax at 31 March 2019 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date.

AGE UK ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

11. Tangible fixed assets

	Plant and machinery £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 April 2018	52,036	166,140	908,471	1,126,647
At 31 March 2019	<u>52,036</u>	<u>166,140</u>	<u>908,471</u>	<u>1,126,647</u>
Depreciation				
At 1 April 2018	52,036	166,140	908,471	1,126,647
At 31 March 2019	<u>52,036</u>	<u>166,140</u>	<u>908,471</u>	<u>1,126,647</u>
Net book value				
At 31 March 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

12. Fixed asset investments

At 31 March 2019 the Company held an investment in Age Concern Funeral Services Limited, a subsidiary undertaking registered in the UK that sells funeral products. The shareholding is 100%, which is held at a net book value of £Nil. The net assets of the subsidiary at 31 March 2019, and the profit for the year ended 31 March 2019, were £Nil.

The registered office of the subsidiary undertaking is Tavis House, 1-6 Tavistock Square, London WC1H 9NA.

AGE UK ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

13. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	1,257,917	2,835,426
Amounts owed by Age UK	4,746,982	4,186,680
Amounts owed by group undertakings	474,688	424,555
Prepayments and accrued income	144,810	171,674
Other debtors	20,395	-
	<u>6,644,792</u>	<u>7,618,335</u>
Due after more than one year		
Amounts owed by Age UK - loan	<u>1,200,000</u>	<u>1,200,000</u>
	<u>7,844,792</u>	<u>8,818,335</u>

14. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>1,443,275</u>	<u>2,390,764</u>
	<u>1,443,275</u>	<u>2,390,764</u>

15. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	26,320	866,044
Amounts owed to Age UK	-	2,707,082
Amounts owed to group undertakings	3,250,242	59,489
Corporation tax	386,929	-
Other taxation and social security	34,170	41,272
Other creditors	84,792	184,217
Accruals and deferred income	1,629,318	3,472,381
	<u>5,411,771</u>	<u>7,330,485</u>

AGE UK ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

16. Creditors: Amounts falling due after more than one year

	2019	2018
	£	£
Amounts owed to Age UK	1,000,000	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%.

17. Financial instruments

	2019	2018
	£	£
Financial assets measured at amortised cost	9,035,005	10,840,399
Financial liabilities measured at amortised cost	(5,435,172)	(5,273,744)

The company holds financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at the present value of future cash flows (amortised cost). No discounting has been applied to these financial instruments on the basis that the periods over which amounts will be settled are such that any discounting would be immaterial.

Financial assets held at amortised cost comprise cash at bank and in hand, short term cash deposits and debtors excluding prepayments.

Financial liabilities held at amortised cost comprise short and long term creditors excluding deferred income and taxation payable.

AGE UK ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

18. Provisions

	Defined benefit pension scheme liability £	Lapses & Mid Term Cancellations £	Holiday pay £	Re- structuring £	Other £	Total £
At 1 April 2018	157,000	392,716	67,826	696,363	112,859	1,426,764
Charged to profit or loss	(75,568)	(182,143)	67,916	56,500	-	(133,295)
Unused amounts reversed	-	-	-	-	-	-
Utilised in year	-	-	(67,826)	(710,228)	(112,859)	(890,913)
At 31 March 2019	81,432	210,573	67,916	42,635	-	402,556

Provisions consist of the following items:

Defined benefit pension liability: This represents the actuarial deficit (see note 21) and will be cleared by 2031 in line with the recovery plan.

Cancellation provision: This is an estimate, based on past experience, of refunds due for potential cancellations of existing policies.

Holiday Pay: This represents a provision for holiday not taken at the balance sheet date. The expense will be incurred in FY19/20.

Restructuring costs: These will be incurred in FY19/20.

19. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

20. Reserves

Profit and loss account

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

AGE UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

21. Pension commitments

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

The defined contribution scheme:

The Age UK Pension Plan is a Group Personal Pension and the amounts charged to the Statement of comprehensive income 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 2019 included in liabilities due within one year there was an amount of £33,582 (2018: £41,273) due for employee and employer contributions, these were paid in April 2019.

Age UK Enterprises' 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% with Age UK Enterprises paying 4% as an employer contribution. Members have the flexibility to choose a higher level and the employer contribution rate is 8% for employees making contribution of 3%, and 9% for those employees paying 4% or more. From 1 April 2019 auto enrolment rates have been increased to an employee rate of 2% with Age UK Enterprises paying 6% as an employer contribution to meet the new combined rate required by legislation.

The pension cost for the defined contribution scheme amounted to £205,629 (2018: £309,612).

The defined benefit scheme:

In November 2008 the Age Concern Retirement Benefits scheme was closed to future accrual, and in October 2012 the two defined benefit schemes from Age Concern England and Help the Aged were merged on a sectionalised basis under the Age UK Retirement Benefit Scheme. The two sections in the scheme are the Age Concern section and the Help the Aged Section. Both schemes were multi-employer schemes and Age UK Enterprises is a participating employer in the Age Concern Section. At 31 March 2019, the Company's share of the assets/liabilities was 2%.

For the year ended 31 March 2020 Age UK Enterprises expects to pay contributions of £35,568. The most recent full actuarial valuation for the Age UK Retirement Benefits scheme took place on 1 April 2016.

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

The overall expected return on assets is calculated as the weighted average of the expected returns on each individual class of asset. The expected return on equities is the sum of inflation, the dividend yield and real economic growth. The return on gilts and bonds is the current market yield on long term gilts and bonds.

AGE UK ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

Reconciliation of present value of plan liabilities:

	2019 £	2018 £
Changes to the present value of the defined benefit obligation:		
At the beginning of the year	1,584,000	1,399,000
Interest cost	40,000	34,000
Actuarial losses	44,000	201,000
Past service cost	5000	-
Benefits paid	(64,000)	(50,000)
At the end of the year	<u>1,609,000</u>	<u>1,584,000</u>

Change to the fair value of scheme assets:

	2019 £	2018 £
At the beginning of the year	1,427,000	1,211,000
Administration costs incurred	(7,000)	(5,000)
Interest income on scheme assets	37,000	30,000
Gain on scheme assets	99,000	205,000
Contributions by the employer	36,000	36,000
Net benefits paid out	(64,000)	(50,000)
At the end of the year	<u>1,528,000</u>	<u>1,427,000</u>

Composition of plan assets:

	2019 £	2018 £
Equities	315,000	324,000
Diversified Growth	279,000	289,000
Property	112,000	106,000
Gilts and Bonds	819,000	703,000
Cash	3,000	5,000
Total plan assets	<u>1,528,000</u>	<u>1,427,000</u>

	2019 £	2018 £
Fair value of plan assets	1,528,000	1,427,000
Present value of plan liabilities	<u>(1,609,000)</u>	<u>(1,584,000)</u>
Liability recognised on the balance sheet	<u>(81,000)</u>	<u>(157,000)</u>

AGE UK ENTERPRISES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

The amounts recognised in profit or loss are as follows:

	2019	2018
	£	£
Current service cost	7,000	5,000
Past service cost	5,000	-
Interest on net defined benefit liability	3,000	4,000
Total	15,000	9,000

Amounts recognised in Other Comprehensive Income

	2019	2018
	£	£
Asset gains arising during the year	99,000	205,000
Liability (losses) arising during the year	(44,000)	(201,000)
Total amount recognised in Other Comprehensive Income	55,000	4,000

Actual return on Scheme assets

	2019	2018
	£	£
Interest income on scheme assets	37,000	30,000
Gain on Scheme assets	99,000	205,000
	136,000	235,000

AGE UK ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

The principal actuarial assumptions at the balance sheet date:	2019 %	2018 %
Discount rate	2.40	2.60
Rate of increase in salaries	N/A	N/A
Rate of increase in payment of pre 2006 pensions	3.40	3.30
Rate of increase in payment of post 2006 pensions	2.50	2.50
Inflation assumption (RPI)	3.40	3.30
Inflation assumption (CPI)	2.40	2.30
Proportion of pension exchanged for cash	80% of maximum entitlement	

Mortality

S2P base tables projected by year of birth assuming future improvements in line with CMI 2018 (2017) core projections with a long-term rate of improvement of 1% pa.

	2019	2018
Life expectancy for male currently aged 65	21.3 years (age 86.3)	21.8 years (age 86.8)
Life expectancy for female currently aged 65	22.3 years (age 88.2)	22.8 years (age 88.7)
Life expectancy at 65 for male currently aged 45	22.3 years (age 87.3)	22.8 years (age 87.8)
Life expectancy at 65 for female currently aged 45	24.4 years (age 89.4)	24.9 years (age 89.9)

Cash commutation

Allowance has been made for all members to exchange 80% of the maximum cash allowance available upon retirement.

22. Related party transactions and Controlling party

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.

The Company has taken advantage of the exemption in FRS102 from disclosing transactions with Age UK and other wholly owned companies within the group. There are no other related party transactions to report.

23. Post balance sheet events

On 18 October 2019 Age UK Trading CIC made an investment of £1.5m through the issue of share capital in Age UK Enterprises Limited.

On 10 October 2019 the directors took the decision to close the Appointed Representative network with commissions ceasing for business transacted from 1 February 2020.

On 11 December 2019 Age UK Enterprises Ltd acquired the independent living activities previously carried out by its holding company Age UK Trading CIC.