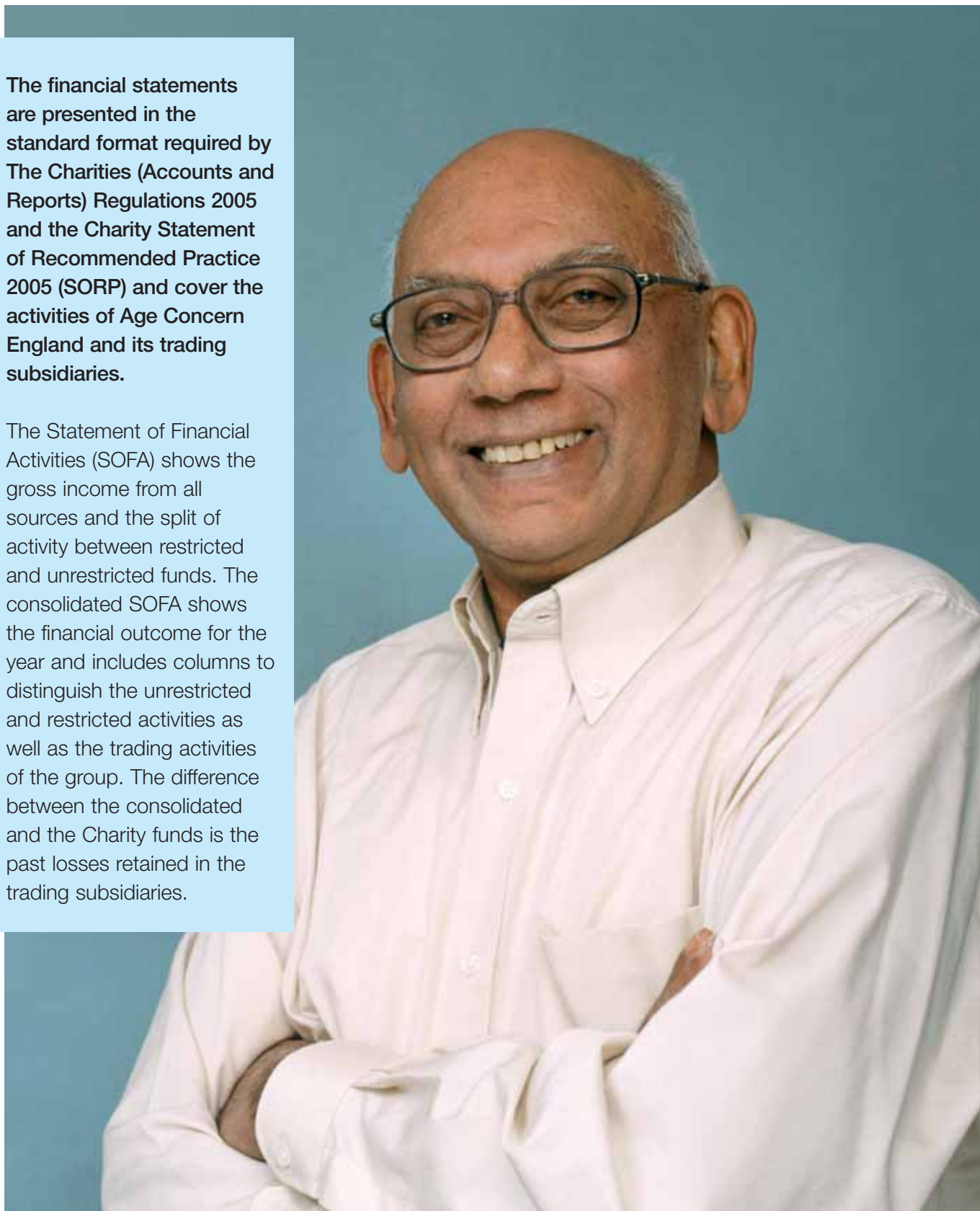


Financial review

The financial statements are presented in the standard format required by The Charities (Accounts and Reports) Regulations 2005 and the Charity Statement of Recommended Practice 2005 (SORP) and cover the activities of Age Concern England and its trading subsidiaries.

The Statement of Financial Activities (SOFA) shows the gross income from all sources and the split of activity between restricted and unrestricted funds. The consolidated SOFA shows the financial outcome for the year and includes columns to distinguish the unrestricted and restricted activities as well as the trading activities of the group. The difference between the consolidated and the Charity funds is the past losses retained in the trading subsidiaries.



1981

ACE publishes its first Factsheet – “Help with Heating”. Today there are 75 Factsheets and Information Sheets covering a range of subjects including income, housing, health and consumer issues. Millions have been distributed in the last 25 years.



1981

ACE founds Eurolink Age, an organisation comprising pensioners' organisations and other organisations working on behalf of older people to influence legislation at European level.

1984

ACE income reaches £2.5 million per annum.

1985

ACE works with Equal Opportunities Commission to highlight the issue of older women who have taken time from work in caring roles and as a result have vastly reduced state pensions and live in poverty.

Overview

Age Concern England had another successful year during 2005/2006. The combination of higher income and tight control over the costs has ensured that a surplus of £2.9m was achieved for the 2005/2006 (2004/2005: £1.6m) financial year. This allowed the core general reserve to be maintained at the policy level of six months' charitable expenditure.

The charity was able to increase the designated development fund to allow investment in developing the Charity's five main objectives.

Incoming resources

Total incoming resources for 2005/2006 were £81.9m, compared with £74.9m in the previous year. Growth has been maintained in most income areas, with strong performances from the voluntary income sources and the trading subsidiaries. The income from shops also increased from the previous year though more difficult retail conditions restricted growth to 2.9% over the previous year on a like for like basis.

Fundraising and voluntary income

One of our charitable objectives is to achieve a significant increase in our income. Voluntary income playing a

considerable part in achieving this goal. Gross voluntary income was £16.2m (2004/2005: £13m) was an increase of nearly 25%. The largest growth came from corporate partnerships where the target of £2m from Tesco Charity of the Year was met, while donations from individual supporters rose by nearly £1m, a 23% increase. There were also good increases over the previous year from the income arising from grant giving bodies which were up by 33% while events and promotions rose by nearly £400k. This was offset by a lower level of legacy income which was down by 12% compared to the previous year. Within these overall numbers, restricted income increased significantly by £1.7m to £4.6m, the bulk of which arose from corporate partnerships.

The desire to achieve a step increase in our fundraising has been influential in working more closely with the rest of Age Concern, the federation. The success of working with Tesco across the federation was a testament to the way we work with all Age Concerns across the UK. Within the Income Generation Partnership, the dividend we shared from the extra growth this year has grown from £75k in 2004/2005 to £208k in the current year.

Volunteers

Age Concern supports volunteering throughout the federation and values the impact of the contribution made by the estimated 50,000 volunteers to achieve our goals. Within Age Concern England there are over 1,900 volunteers involved in our chain of shops, each working on average 4 hours a week, and approximately 300 volunteers play an active part in promoting good practice and influencing policy throughout Age Concern, the federation. Of these about 60 are directly involved in the governance of Age Concern England. These numbers have not changed significantly from the previous year. An estimate of their financial worth to Age Concern England has been established by assessing the number of hours worked and converting this into a monetary value. Appropriate hourly rates have been used for the different types of involvement in Age Concern: the amount attributed to volunteers in our shops is the cost that would otherwise be incurred if they were paid employees, while the amount attributed to volunteers in governance and other roles is the rate that would be payable if external non-executives had been engaged. The resultant estimate is £2.6m, and this figure excludes any national insurance,

1987

ACE introduces Home Contents Insurance for older people providing low cover policies that meet their needs at a price they can afford.

1987

ACE's winter campaign leads the Government to award severe weather payments in two successive weeks.



1990

Age Concern turns 50. The membership of the National Council has grown to 88, exactly four times its original number. Income has grown from £2,000 in 1940 to £11 million in 1990.

1991

"Coldwatch", ACE's winter campaign, brings significant changes to the Government's Cold Weather Payment Scheme so payments were made immediately a cold spell was forecast.

pension, recruitment or other costs that would normally be payable for employees.

Shops

One of the ways in which Age Concern England works in partnership with other Age Concerns is via the shops programme. Local shops are managed by Age Concern England with a share of the profits passed to the local Age Concern, resulting in lower risks and higher net income to the local Age Concern. It was another successful year for shop trading, with turnover increasing to £10.9m (2004/2005 £9.7m), and net profit to ACE growing from £1.3m to £1.6m. More importantly, the distribution to local Age Concerns grew to £1.5m. Future plans are to increase the chain by an additional 13 shops and refit a further 13. Average weekly sales grew by 16% for the shops that were part of the programme of refits during 2005/2006, and we expect to continue this excellent performance. The early signs from the current year are more encouraging with better like-for-like sales than the previous year.

Trading subsidiaries

Products and services continued to be successfully marketed to older people by Age Concern

Holdings Limited and its subsidiary companies both through Age Concerns in the Trading Alliance in England and nationally across the United Kingdom. The wide range of products included house and contents, travel and motor insurance, funeral plans, financial services, energy and equity release mortgages. The equity release package has just completed its first full year of trading. The main change during the year was to move the insurance business from Norwich Union to Fortis. The aim is to offer a wide range of competitive products and during the next year we expect to launch a new set of products. Competition in the insurance market-place is tight, but despite this the total trading turnover was 5% higher at £44.7m (2004/2005 £42.6m) and this produced net income for Age Concern England of £7.8m (2004/2005 £10.3m). The underlying trading position was better than this because the costs include start up costs for Heyday of £1.9m.

This was also against a backdrop of the first full year for Age Concern Enterprises Limited being regulated by the Financial Services Authority to act as a financial intermediary in the trading of insurance services.

The regulatory cost of the training and maintaining fairness to customers was over £0.5m during the year and this is expected to continue for future years. Commission payments to the Age Concern Trading Alliance members increased to £10.6m (2004/2005 £10.2m). This income helps fund their work with and for older people in communities throughout the United Kingdom.

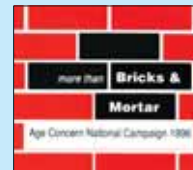
Charitable activities

Analysis of the charity Statement of Financial Activities showed that Age Concern England raised £46m for use on charitable activities, which is an increase of 5% after the launch costs of Heyday were excluded.

This is the second year that Age Concern England has reported under the new SORP and we have retained the same breakdown of charitable activities that was created last year. The details of the four main activities are identified in the main body of the report. The financial analysis of the activities is explained in more detail in notes 7 to 10, including how the grants and relevant overheads are charged to each activity.

The increase in the governance costs represents the changing nature and cost of governance as

1993	1994	1996	1997	1998
ACE's "Mapping the Change" initiative begins monitoring the effects of reforms to community care.	ACE launches its website. By 1995 it is receiving over 15,000 visits per month. In the financial year 2005/06 we had, on average, 200,000 visits per month.	With 18 of the country's top employers ACE launches the Employer's Forum on Age to promote the benefits of a mixed-age workforce.	The Age Concern Information Line is launched. Number of queries answered rises from 40,000 to 230,000 per year.	ACE's "More Than Bricks & Mortar" campaign leads to changes in building regulations to ensure that buildings are designed to be adapted to changing needs throughout a person's lifetime.



well as the commitment necessary for Age Concern to monitor its activities that are now regulated by the FSA. All expenditure continues to be subject to tight budgetary disciplines across the organisation and to focus on the priorities in the corporate plan. Expenditure on grants totalled £5.4m compared with £5.1m in the previous year. The change in structure of the SOFA has enabled us to review the presentation of our grants and associate them with the main activities of the charity. These are shown in the notes to the accounts and represent 13% of the amount spent on all charitable activities. Details of the 50 organisations that received in aggregate the largest amounts, together with the total awards to individuals, are set out on page 58. If the sum of the charitable support to all local Age Concerns is assessed, then over £13.2m from the charity is in direct support of work at a local level in the Age Concern federation. As well as direct grants this includes a wide range of advice, support, campaigning and policy work. We are constantly reviewing how this commitment can be increased and made more effective so that older people are better supported at a local level.

Balance Sheet

The strong performance during the year by our investments resulted in a valuation of them at 31st March 2006 of £13.6m (2005 £11.3m), a net gain on revaluation of £2.3m during the year. This portfolio is held as a long-term core investment and all investments were acquired within the Trustees' powers.

Our investment managers (Sarasin Chiswell) continued to outperform the agreed investment performance benchmark (WM Charity median) by 0.7%. The cash position as at 31st March 2006 remained strong with overall cash balances at £9.3m (2005 £9.0m).

This partly represents funds that are required in the short-term for restricted and designated fund activities but will also ensure Age Concern is well placed to undertake future developmental activities.

Heyday

A major focus for the organisation has been the development of Heyday, our new membership scheme aimed at people over 50. Last year the Trustees agreed to invest £5m for the initial development of the scheme and during the year £2.6m was spent in external costs to progress this. A further

£4m was also incurred for capital projects, mainly in relation to the development of the web portal and other IT facilities. The exact nature of the investment across the coming years will depend on the success of the scheme, which was launched on 30th May 2006. We expect Heyday to make a major contribution to the work of the charity and within the SOFA the anticipated additional expenditure will fall into the areas of Enabling Older People which explains the large increase in charitable activity that we anticipate during 2006/07.