Which?

2016/17 Financial Statements

Contents

Council of Trustees' report (incorporating Strategic report) for the year ended 30 June 2017

Council of Trustees is pleased to present its report together with the audited financial statements of both Consumers' Association and the consolidated Which? Group for the year ended 30 June 2017.

At Which? everything we do is focused on tackling consumer detriment and making consumers as powerful as the organisations they have to deal with in their daily lives. Because Which? is self-funded, all of the charitable work (that is free to consumers) performed by Consumers' Association is derived from the commercial profits of its trading subsidiary, Which? Limited. Our commercial success means we do not require funding from the government or need to earn income from donations or fundraising.

WHICH? GROUP GOVERNANCE

The ultimate parent undertaking of the Which? Group is Consumers' Association (CA): a registered charity (No. 296072) and a private company limited by guarantee. It is registered in the United Kingdom (No. 00580128) and its registered office is at 2 Marylebone Road, London, NW1 4DF.

The governing body of CA is the Council of Trustees (Council), whose members are both its charity trustees and company directors for the purpose of company law. The governing document of the company is its Articles of Association. The Group Chief Executive, who is not a trustee, oversees the day-to-day operations of the charity with support from the Corporate Leadership Team.

At 30 June 2017, Council had nine members who were elected both by ordinary members of CA and associate members who had a paid subscription for at least a year to one of our relevant products or services. There were also five co-opted Council members.

New Council members are encouraged to attend an induction of at least half a day, in order to familiarise themselves with both CA and the overall Which? Group and better understand the context in which they operate. An information pack on the organisation provided to all new members also includes guidance on the duties and responsibilities of a Council member. Ongoing training is also available if required.

CA's principal trading subsidiary, Which? Limited, is governed by its own Board, which is made up of independent non-executive directors and senior employees and also has Council representation. The Board of the other trading company within the Group (Which? Financial Services Limited), includes a mix of senior employees and independent non-executive directors. The non-executive directors of these Boards are also offered an induction programme when appointed. All other Group entities are either non-trading or in the process of being closed. The names of all persons who were Council members during the period are disclosed on page 35.

COUNCIL RESPONSIBILITIES STATEMENT

Council is responsible for preparing the Council of Trustees' report (incorporating Strategic report) and the financial statements in accordance with applicable laws and regulations.

Company law requires Council to prepare financial statements for each accounting period. Under that law, Council has prepared the financial statements in accordance with the United Kingdom Financial Reporting Standard, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland, and applicable law (United Kingdom Generally Accepted Accountancy Practice)". Under company law, Council must not approve the financial statements unless it is satisfied that they give a true and fair view of both CA and the Group and of the incoming resources and application of resources including the income and expenditure of the Group for that year. In preparing these financial statements, Council is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice (SORP): Accounting and Reporting by Charities (2015);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, 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 charitable company will continue in business.

Council is responsible for keeping adequate accounting records that are sufficient to show and explain the organisation's transactions and disclose with reasonable accuracy at any time the financial position of CA and the Group and enable it to ensure that the financial statements comply with the Companies Act 2006. It is also responsible for safeguarding the assets of CA and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Council is responsible for the maintenance and integrity of the corporate and financial information included on its website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

GROUP AUDIT & RISK COMMITTEE

Responsibility for oversight of the Group's risk management arrangements is delegated to the Group Audit & Risk Committee, which reports back to Council. The primary objectives of the Committee are to:

- monitor the integrity of the financial statements across the Group;
- review the adequacy and effectiveness of the Group risk management arrangements, reflecting the increased focus in this area;
- monitor and review the effectiveness of the internal audit function;
- monitor and review internal controls, including those relating to information and security;
- confirm that the financial statements are fair, balanced and understandable;
- oversee and review the independence and effectiveness of the external auditor; and
- consider the appointment and remuneration of the external auditor.

An external audit tender process is scheduled to commence in late 2017, reflecting five years since the previous review. This is scheduled to be completed in early 2018.

At 30 June 2017, the Group Audit & Risk Committee was made up of four members (2016: three), which included representation from Council, the Which? Limited Board and the Which? Financial Services Limited Board.

The Committee met three times during the year (2015/16: three) and again was satisfied that the information presented to it identified no significant concerns regarding internal controls across the Group. During the year, the Committee also conducted a review of its own effectiveness.

Within Which? Financial Services Limited, a separate Risk, Audit & Conduct Committee was created during the year, to support ongoing compliance and risk management within that regulated business.

INVESTMENT COMMITTEE

As in previous years, Council delegated responsibility on investment policy to the Investment Committee. The Committee was made up of three members, two of whom were Council members, with a third external member providing investment advice.

The portfolio continued to be managed in-house, with Barclays Stockbrokers Limited providing execution-only stockbroker services, following direction from the Investment Committee. During the year external advisers also performed a strategic review of asset classes.

During the year, the Investment Committee met three times (2015/16: two) primarily to:

- monitor performance within the portfolio;
- decide on any rebalancing of the portfolio;
- plan the drawdown process to support the funding of the Marylebone Road redevelopment; and
- consider the appropriateness of investment policy.

The remainder of CA's surplus funds was held on deposit with leading financial institutions.

OTHER COMMITTEES & SUB-GROUPS

Council also delegated responsibilities in other areas:

- The Remuneration Committee advised on salary issues, executive salary levels and remuneration levels across the Group (see page 11);
- The Nomination Committee advised on Council elections and the appointment of co-opted trustees and non-executive appointments to Council and the Which? Limited Board.
- The Policy Sub-Group continued to provide challenge and support to the policy and consumer action teams, through the knowledge and experience provided by its Council members.

A joint Council and Executive steering group on governance, led by the Council Chair was established in year. This group will be reconstituted in the next financial year, with an independent Chair, to undertake the next stage of our governance review.

A Pension Sub-Group was also established after the year-end to exchange information and discuss issues relating to the Which? Group pension scheme.

DIRECTOR FEES & EXPENSES

Council trustees do not receive any payment for their services. They are reimbursed for travel and accommodation expenses incurred when attending Council meetings and other official events. During 2016/17, claims were made by 14 out of 16 (2015/16: 17 out of 18) trustees, totalling £12,936 (2015/16: £13,398). Insurance costs for the year to protect Council members against liabilities arising from their office totalled £4,588 (2015/16: £4,441).

Non-executive directors on both the Which? Limited and Which? Financial Services Boards are remunerated for their services. The total remuneration in the year for Which? Limited non-executive directors was £77,167 (2015/16: £72,500). In Which? Financial Services Limited, which operates within a regulated environment, the total remuneration was £87,500 (2015/16: £88,337).

GOING-CONCERN

After making enquiries, Council has a reasonable expectation that the Group has sufficient resources to continue in operational existence for at least twelve months from the date the financial statements were approved. Given that there are no material uncertainties inherent across the Group, Council continues to adopt the going-concern basis in preparing these financial statements. Further information about the adoption of the going-concern basis can be found in the principal accounting policies within the financial statements (page 21).

FINANCIAL STATEMENTS

Our financial statements are made up of:

- a consolidated statement of financial activities (SOFA); designed specifically for charities, showing the income generated across the Group and how those monies have been spent (page 16);
- balance sheets for both CA and the Group, showing the total assets and liabilities as well as total reserves (page 17); and
- a consolidated cash flow statement showing how the Group cash balance has changed over the year (page 18).

These financial statements, including the Strategic report comply with the current statutory requirements, the Articles of Association, the Financial Reporting Standard (FRS 102), the Charities Statement of Recommended Practice (SORP) 2015 and the Charities Act 2011.

These principal statements are supplemented by extensive notes, providing further insight into the financial performance of the Group, and together form the financial statements of the Group.

Strategic report

Unlike most charities, we don't receive any public donations or funding from government. Therefore, we need to consistently improve performance within our commercial businesses in order to fund our expanding charitable activity.

BUSINESS REVIEW – GROUP

As the chart opposite shows, group trading income in our 60th year (which was earned within our commercial subsidiaries) again exceeded £100m, with a greater proportion being generated from our new services; Which? Mortgage Advice, Which? Trusted Traders and Which? Legal. This confirms our long-term view that diversification was necessary to offset the risk of solely relying on our publishing business.

During the year, we launched a new organisational design across the business, with the goal of bringing management of our commercial and charitable activities closer together in order to expand our overall impact and influence. This involved aligning our organisation into market areas that better reflected our customers' and the wider public's needs:

- Home
- Money
- Legal
- Public and mixed markets

The main highlights across these business units are discussed in this report.

To support our new structure, our digital offerings need to continually improve and evolve in response to ever growing customer needs. During the year there was further investment in our reviews content, we launched enhanced apps across both main platforms and improved the signup journey for both online and mobile customers. We know that there is still much more to do both in rebuilding our infrastructure and further improving our product offerings on the road to becoming a digital first organisation.

2016/17 also saw considerable progress in the redevelopment of our Marylebone Road headquarters, with the building becoming fully-operational in September 2017. This will provide a more modern and collaborative working environment for our staff, with additional desk, meeting and conference space to support us in meeting our strategic targets. This sensible redevelopment of our existing building was funded through a combination of our internal investment fund and external mortgage and we expect that the open market value of the building will be significantly higher than the historic book value recorded in the financial statements.

BUSINESS REVIEW – HOME

This comprised everything offered by both CA and Which? Limited to support the consumer within their home, from providing advice both in our magazines and online on what products and services to buy, local trader accreditation and consumer rights advice.

Our subscription products continue to provide up-to-date and relevant advice to our members. During the year we tested more products than ever before – 4,034 compared to 3,716 in the previous year and recommended 920 new best buys (68 more than in 2015/16). We now review more than 90% of key products in 28 categories including TVs, washing machines, boliers and laptops. We have also in several areas significantly reduced the time that it takes for our reviews to become available to members.

Online, we have completed the revamp of our reviews content, made our apps available across both iphone and android and launched a new Which? magazine app, providing more opportunity for our customers to use Which? in the way they want.

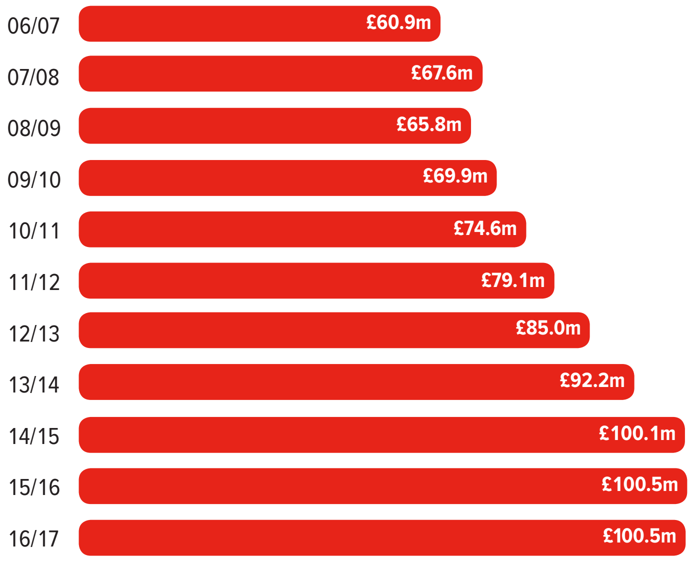
Total subscriptions were down 7.7% to 1,341,000, largely because of difficulties we had obtaining up-to-date card payment details for a section of our membership. This impacted on revenue as we were not able to collect these subscriptions until we obtained new payment details.

Which? Trusted Traders is our endorsement scheme that recognises reputable traders who successfully pass an assessment process carried out by our trading standards professionals. Consumers are able to find local traders who are accredited as 'Trusted Traders', with confidence that their work has been independently verified. As the chart above right shows, our service has greatly increased in popularity over the last year, and at June 2017 we had 8,498 endorsed traders – a 33% year-on-year increase.

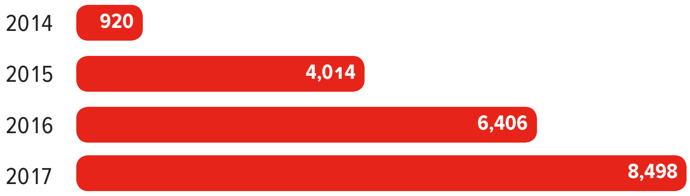
We have increased the number of customer reviews on the website giving consumers more information and choice about the traders they are choosing. This has resulted in over 40,000 reviews being published on the website in 2016/17, 43% more than the previous year.

Within the Consumer Rights space in CA, there were 7.8 million visits to the free website during the year, our compensation and refund tools were used nearly 49,000 times and our template letters were downloaded nearly 300,000 times.

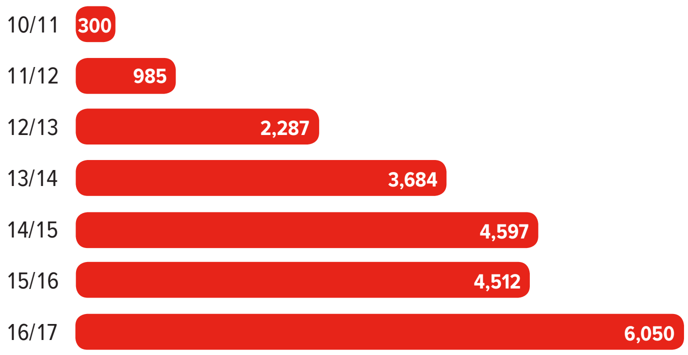
Group trading income



Which? Trusted Traders – June trader volume



Number of mortgages submitted



BUSINESS REVIEW – MONEY

This included the Which? Mortgage Advice service (owned by Which? Financial Services Limited), Which? Money magazine, money content on our website and the money advice helpline.

Our mortgage advice service helps consumers find the right mortgage for them whether they are buying a new home, remortgaging, or looking for a buy-to-let mortgage. Our mortgage advisers are paid salaries, with no commission, and when they recommend a mortgage, our customers can be sure that the advice is independent and impartial.

As the chart above right shows, our mortgage application numbers grew in 2016/17 by 34% to 6,050, despite the challenging conditions in the property market following the Brexit decision. We hope that this growth trend can be maintained in the upcoming year, moving closer towards profitability for the first time.

We are currently revamping our money content website, and will be adding more valuable content and improving the user journey. CA's money advice helpline continued to be popular and handled over 20,000 calls in the year.

BUSINESS REVIEW – LEGAL

Which? Legal Service (part of Which? Limited) provides professional advice to members with legal problems in areas such as consumer law, employment, landlord & tenancy, holiday and motoring.

Legal revenue and profits were significantly up year-on-year although membership of the subscription service reduced slightly in the year, largely because of the issue highlighted previously of obtaining up-to-date card payment details for a small proportion of our members.

Other services offered were will writing (Which? Wills) and power of attorney and sales of both products increased considerably year-on-year, reflecting their accessibility and ease-of-use for customers. We also plan in the upcoming year to expand our new probate service, which was piloted during 2016/17.

BUSINESS REVIEW – PUBLIC AND MIXED MARKETS

This business unit represents most of the free advice websites provided by CA for key life stages of consumers. Significant investment has been made across all three of the main sites to ensure that the content is valuable and relevant to consumers.

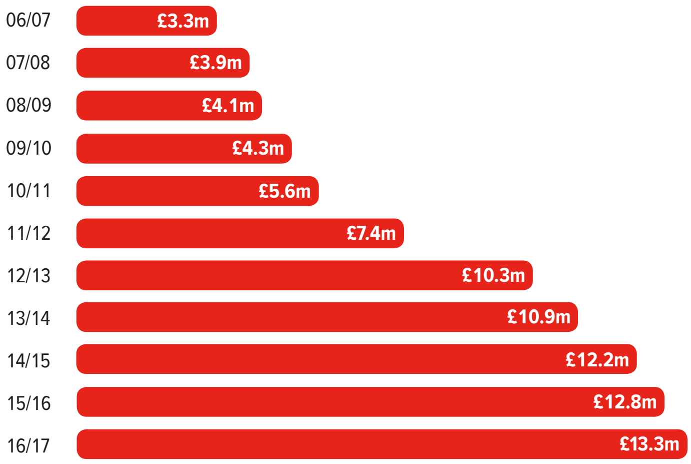
Which? University continued to go from strength to strength with a 25% year-on-year uplift to over 7.7 million visits. During the year a section dedicated to teachers was unveiled and the 'Junior University' programme was launched in partnership with the Transformation Trust. This aimed to bring together university undergraduates with up to 50 state secondary schools to help up to 3,000 underprivileged year 10 students make better higher education decisions.

Total visits to the Which? Birth Choice site increased by 37% to 913,000 year-on-year and in September 2016 the site won the 'Information that aids decision making' category at the BMA Patient Information Awards.

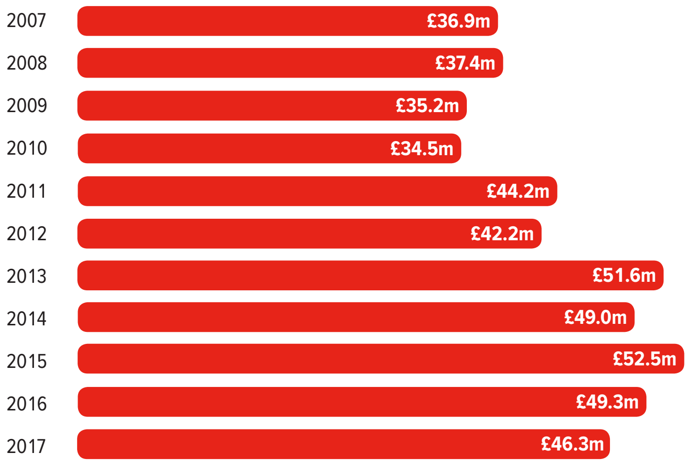
Annual visitors to the Which? Elderly Care site during 2016/17 increased by over 50% to 906,000. Significant research and testing activity was undertaken in the year in advance of both a planned website rebuild and extension of campaign and policy activity.

Strategic report continued

Promoting consumer interests



Group reserves



BUSINESS REVIEW – CHARITABLE SPEND

Within the consolidated statement of financial activities (SOFA) on page 16, net charitable spend across the Group was represented by the £13.3m expenditure in promoting consumer interests. This reflected CA providing free help and advice to UK consumers, policy research and development and campaigning on consumer issues.

As the above chart shows, the £13.3m spend is £0.5m higher than the previous year and represents a fourfold increase on ten years ago. This high level of growth has only been possible through the recent improvements within our commercial businesses. Over the next few years we will only be able to make significant steps forward in expanding our reach and influence from continued commercial success. Further information on our charitable work can be found in the promoting consumer interests section of the Council of Trustees' report on page 9.

The other charitable spend disclosed on the SOFA is on consumer research (£11.6m). These costs, which are incurred by CA are prudently reimbursed at cost by Which? Limited to provide content for its commercial (primarily publishing) activities.

BUSINESS REVIEW – GROUP BALANCE SHEET AND RESERVES

Primarily because of a very strong performance from our investment fund, our reserves before the FRS 102 pension adjustment increased by £1.3m as noted in the table below. However, in common with most defined benefit pension schemes, which have been impacted by historically low long-term gilt rates, we reported an actuarial loss of £4.2m in the year, which resulted in an overall £2.9m reduction in reserves.

Annual reserve movement	£'000
Net incoming resources before other comprehensive income	1,232
Currency translation difference	32
Increase in reserves before FRS 102 pension actuarial adjustment	**1,264**
FRS 102 actuarial loss on pension scheme	(4,200)
Total reduction in reserves	**(2,936)**

As displayed in the Group reserves chart above, the £46.3m June total is still well above the average (£43.3m) over the previous ten years.

Main highlights across the year include:

- Tangible assets up from £17.7m to £28.1m largely because of the construction costs of the Marylebone Road redevelopment.
- Investments down year-on-year by only £4.0m despite making £9.5m of cash withdrawals to primarily fund the building construction work.
- Net current assets (working capital) up £1.4m to £5.1m.
- Total year-end mortgage liability of £8.7m.
- Defined benefit pension liability of £9.9m.

RESERVES POLICY

Council's policy is to annually review its reserve levels to ensure that they are sufficient:

- providing some protection against potential risks that could impact the organisation;
- offering some flexibility should investment need to be made within the business; and
- ensuring there is sufficient working capital within the Group.

At June 2017, total Group reserves were £46.3m – £3.0m lower than the previous year due to an increase in the FRS 102 pension deficit.

All of these reserves were unrestricted with no material amounts designated for specific purposes in future years. However, as the Marylebone Road redevelopment nears completion, a greater proportion of reserves relate to more illiquid fixed assets.

Council anticipates that any incremental reserves will be used to fund additional expansion of our charitable activity, investment in infrastructure and support for commercial opportunities to deliver long-term growth for the Group.

TAXATION

Which? Limited committed to make gift aid contributions to CA from its taxable profit. As CA is a registered charity, no corporation tax was payable on its net incoming resources.

PENSION SCHEMES

CA operates both a hybrid and a defined contribution pension scheme. The hybrid scheme combines the features of defined benefit (final salary) and defined contribution schemes. As at 30 June 2017, the hybrid scheme, valued under FRS 102, had a £9.9m liability (£6.5m liability at 30 June 2016).

The most recent triennial valuation of the scheme in March 2015 indicated a deficit of £14.7m. Additional contributions to the scheme were made in the year in line with the recovery plan agreed with the trustees. The next formal valuation will be in March 2018.

PRINCIPAL RISKS AND UNCERTAINTIES

Protecting and strengthening the Which? brand is important to everyone at Which?. As we grow, develop our business and enter new markets, managing our reputation is increasingly important.

Our approach to risk management has continued to strengthen during the financial year with greater focus on our enhanced risk reporting. The Council and the subsidiary Boards continue to play an important role in risk management, including closely monitoring our entity-specific top risks, while our Group Audit & Risk Committee oversees the effective operation of our risk management framework.

Risk management is primarily the responsibility of our managers and employees, who seek to identify and understand risks facing their market area or function and put in place relevant mitigating activities. Across the Group, risk and compliance staff work with our other group services teams, to monitor our exposure and lead tried-and-tested review processes that help to identify, assess and mitigate risk. A detailed risk register is maintained for each entity as well as each of the new services and is consolidated at an overall Group level. Individual risks are discussed regularly at all levels across the Group to ensure that they are properly understood and mitigated where appropriate. Risk management itself continues to be a regular topic at Council and Board meetings.

Council and the subsidiary Boards have determined that the following were the Group's principal risks associated with its strategy during the financial year. These were subject to more regular monitoring to ensure that the agreed mitigating actions were sufficient to manage the risk:

- Digital architecture: Adapting our digital capabilities to meet our current and future digital needs.
- Business model: Evolving and strengthening our subscription business and newer ventures in order to defy a slowing overall publishing market, protect the business against disruptive competitor entry and diversify the Group's income streams.
- Consistently delivering against high standards: Extending and executing Group activities, including external research and publishing in a way that achieves the high standards set by CA and avoids conflicts of interest.
- People and breadth of agenda: Availability of key resources, including people capabilities and skills, affecting our ability to achieve critical priorities and embed behavioural and cultural changes to realise the benefits of our organisational design.

We have a regular programme in place to actively review our identified Group risks.

Looking forward to the next financial year, we will continue to evaluate activity within identified areas and seek to mitigate these key risks where possible.

Strategic report continued

THIRD PARTY RELATIONSHIPS

Council adopted six guiding principles which govern our relationships with certain third party organisations where we receive a commission, referral fee or other cash or non-cash benefit from a third party for delivering a commercial service to consumers.

We performed an annual review of these relationships and remain satisfied that they provide a clear consumer benefit and are appropriately disclosed. These principles can be viewed on our website.

MODERN SLAVERY

Which? takes a zero tolerance approach to slavery and human trafficking and is committed to ensuring that they do not take place in our business and in our supply chains.

Although we consider the sectors in which we operate (publishing, trader endorsement and legal and financial guidance and advice) and our associated supply chains to be at lower risk of slavery, we have reviewed and, where needed, updated our internal policies and supplier arrangements to confirm this since the UK's Modern Slavery Act came into force in October 2015. Our Modern Slavery Act statement can be viewed on our website.

GENERAL DATA PROTECTION REGULATION (GDPR)

We are currently taking steps to ensure compliance with the above European Union (EU) regulation on data protection for individuals within the EU. Compliance with the regulation is required by May 2018.

GENDER PAY GAP REPORTING

As required by the 2017 regulation of the 2010 Equality Act, all companies that have more than 250 employees must disclose certain statistics on gender pay. This information will be disclosed on both the Which? and Government website before the deadline of 5 April 2018.

BREXIT UPDATE

So far within Which?, there has been a limited finanical impact to the organisation since the decision was made in June 2016 to leave the European Union. The most significant change resulted from the slowdown in the mortgage market in the immediate months after the decision. This reduction in activity and average mortgage values resulted in lower commission earnings within the Which? Mortgage Advice business. We will continue to monitor the situation as it evolves.

Brexit of course has considerable consequences for consumers and in May we held a successful 'Consumers and Brexit' conference in London with BEUC, the European consumer organisation.

FUTURE PLANS

Over the next five years, Which? has a strategic vision to double both its impact and size. We recognise that what helped us succeed over the last five years will not necessarily be the same things that will enable us to thrive in the future. We consider that there are five strategic goals that we need to achieve:

- interweave more our commercial and advocacy activity and thereby solve consumers' problems across the board;
- become a digital first organisation, both commercially and in advocacy;
- super-serve and super-retain our core customers;
- diversify our income streams; and
- serve consumers at key life moments.

These objectives will be extremely challenging to deliver, but success will enable consumers to have confidence that we will be there to support them with major problems or decisions throughout their lives.

Promoting consumer interests

At Which?, everything we do is focused on tackling consumer detriment and making consumers as powerful as the organisations they deal with in their daily lives. We are the largest independent consumer body in the UK and now have more than 1.7 million members and supporters. This year we have spent £13.3m on promoting consumers' interests, providing free help and advice, and campaigning to get things changed.

HIGHLIGHTS

- There have been 7.8 million visits to our Consumer Rights website, our compensation and refund tools have been used nearly 49,000 times and our template letters have been downloaded nearly 300,000 times.
- With more than 906,000 visits to Which? Elderly Care, traffic to the site has risen by over 50% this year.
- Which? University received 7.7 million visits throughout the year, including 83,000 visits on A-level results day 2016, making it our busiest day ever.
- Traffic to Which? Birth Choice increased by over 37% this year, with over 913,000 this year.
- This year, we launched six new campaigns and achieved 52 wins for consumers across range of markets.
- Our voice was amplified by the national media, with Which? appearing on the front page of national newspapers 45 times.
- For the first time we now have more than 1 million campaign supporters. Between them, they have taken 3.8 million campaign actions this year, including over 1.5 million petition signatures, as well as making comments, taking part in polls or emailing a target.
- Our community website Which? Conversation has had a bumper year, with 36,000 comments and 76,000 poll votes made by consumers, Which? members and campaign supporters alike. Our community was busy reporting the latest scams, helping others with faulty products and envisaging their train travel heaven.

FREE INFORMATION AND ADVICE

It's been a good year for Which? Consumer Rights with more than 7.8 million visits (2015/16: 6.7 million visits) to our free online advice content. Highlights include our compensation and refund tools being used 49,000 times, more than 300,000 downloads of our templates letters and launching live chat on the website. All of which has helped us protect our visitors from being short changed.

Which? Elderly Care has continued to grow rapidly, exceeding 50% year-on-year growth in 2016/17, and we have carried out detailed research to inform how we make the site better for visitors. We have been working with Carers UK to review and improve our content aimed at carers, and supported their events in carers week in June, allowing us to promote Which? Elderly Care. We achieved a slot at the Royal College of Occupational Therapist annual conference, where we received really positive feedback. We have been working with them to look at how we can promote Which? Elderly Care to occupational therapists as key professionals working with those in need of support.

It's been a successful year of activity for Which? University, culminating in a record 7.7 million visits (2015/16: 6.2 million visits) to the website. New features this year include a dedicated area of the website for teachers and advisers, improved advice on apprenticeships and student finance, a new-look homepage and Which?'s first foray into Snapchat.

Which? Birth Choice has experienced a complete redesign, seeing digital, editorial and data teams working together to deliver a beta version of the new site in January with the full site to launch in August 2017. The redesign will make it easier for expectant parents to see the breadth of information and advice that the site provides. With over 60% of our users coming to the site on a mobile, the mobile experience has been central to the new user experience and design.

The Birth Choice tool, which helps expectant parents explore their local options for where to give birth has seen the biggest changes to its usability and to how it incorporates distance into its recommendations. External stakeholders such as the Royal College of Midwives are pleased with these changes and they continue to support the website. In September, the site was a winner at the British Medical Association Patient Information Awards in the 'Information that aids decision making' category.

OUR CAMPAIGNS

Which? campaigns with consumers to make change happen. Our campaigning this year has secured wins across markets including financial services, education, pensions, public services and telecoms, to name a few. We aim to make consumers more powerful by campaigning with them and giving them the information, tools and support they need to bring about change for themselves. We've ended the year with more than 1 million campaign supporters, who together took a record 3.8 million campaign actions during the year, including petition signs, pledges, commenting and voting in polls. They sent one campaign, 'Safeguard us from Scams' past 300,000 signatures and another two campaigns, 'Calling Time on Nuisance Calls' and 'Fair Energy Prices', to the half a million signatures mark. We also mobilised over 100,000 people to support a Parliamentary petition to secure a debate on Whirlpool's fire risk tumble dryers, and we're pressing the Government to reform the entire product safety system which is fragmented and failing consumers.

Promoting consumer interests continued

We first revealed the scale of the Whirlpool problem in 2015 and, following investigations into multiple failings into how it was dealing with customers affected by safety issues, we threatened Peterborough Trading Standards with judicial review. Whirlpool was subsequently required to change its advice to consumers on fire risk tumble dryers. We also made significant progress in other key campaigns, with the Government giving Ofcom powers to introduce automatic compensation for broadband customers when things go wrong, and committing to making directors of companies accountable for nuisance calls.

Following years of campaigning, the Higher Education Act made it onto the statute books, introducing a new student-focused regulator, the Office for Students, and improving competition and choice for students. We submitted over 600 case studies to the Competition and Markets Authority study on care homes, nearly three times as many as they were able to collect directly, which resulted in the regulator opening up a consumer protection case to investigate whether care homes are breaking consumer protection laws.

Success on our rail campaign continued, with the Government including the rail industry in the Consumer Rights Act, giving passengers greater protection, requiring that train companies roll out changes to enable passengers to claim compensation for 15 minute delays. In September, as part of our “Safeguard us from Scams” campaign, we used our legal powers to make a super-complaint to the Payment Systems Regulator, asking them to investigate the problem of bank transfer scams and calling for banks to do more to protect customers from fraud. We launched an online scams reporting tool, and in just two weeks, over 650 people told us how they, or someone they knew, had lost almost £8 million to bank transfer scams. The regulator agreed that this is a growing problem and responded with a series of actions for the banking industry to take forward.

The Competition and Markets Authority published its final report on its banking market investigation, with a number of wins for our ‘Better Banking’ campaign. It failed to fully address the harm caused by exorbitant unarranged overdraft charges, but our research showing how people can be charged 7.5 times more by big high street banks than they would by payday lenders made the front pages, and led to the Financial Conduct Authority reviewing the issue as part of their review of High Cost Credit.

EXTENDING OUR INFLUENCE

Ahead of the 2017 UK general election, Which? published a consumer agenda for the next Government, and engaged with all parties to set out the critical consumer issues we wanted to see addressed. Eight of our calls were subsequently adopted in party manifestos.

Brexit has dominated much of the political landscape during this period, and over the last year we have worked hard to ensure that the voice of UK consumers is heard. In March, Which?, alongside MoneySavingExpert and Citizens Advice wrote an open letter to the Prime Minister, calling for the Government to set up a cross-departmental working group to focus on the consumer impact of Brexit. In May, we held a successful 'Consumers and Brexit' conference in London with BEUC, the European consumer organisation, which was attended by 125 key opinion formers from across government, regulators, business and the third sector.

Following the success of the Nuisance Calls Summit in Scotland, we persuaded the Scottish Government to establish a Nuisance Calls Commission, bringing together UK and Scottish Governments, regulators, telecoms providers and business groups to find practical solutions to the problem of unwanted calls and develop an action plan showing how to deliver long-term differences and reduce the impact of this nuisance on people's lives.

Employees and remuneration

OUR PEOPLE

Our people are at the heart of our business success and we aim to attract, retain and motivate employees of the highest calibre at all levels to sustain the high performance levels. To support our new organisation design, which aims to interweave the commercial and charitable parts of our business as "One Which?", we have updated our people strategy to ensure our leadership and people approach is fit for the next phase of growth. This involves:

- Making Which? a recommended employer brand, supporting the delivery of the Which? organisation culture, values, organisation design, communication, remuneration and performance;
- Enabling an excellent consumer and customer experience through and with our people;
- Building management competence and effectiveness;
- Driving sustainable employee engagement; and
- Developing leadership excellence and talent for the future.

Across the year, there was an average of 751 employees across the Group (2015/16: 668), with the growth in headcount primarily due to the expansion of the Which? Mortgage Advice and Which? Trusted Traders businesses.

EMPLOYMENT AND REMUNERATION PRINCIPLES

We are committed to ensuring that all employees are fairly paid and we are accredited members of the Living Wage Foundation and ensure that all our employees across the Group are paid at least the national living wage.

Diversity and inclusion at Which? means respecting and celebrating difference and encouraging a culture and environment where everyone can thrive. This means ensuring that individuals, whether employees, customers, consumers or partners are supported, respected and engaged and this commitment is lived through the Which? culture and values. As an equal opportunities employer that values diversity across our organisation, we ensure this is brought to life through our approach to attraction, recruitment and selection, training and career development and all employment and working practices for our employees.

We strongly believe that employee engagement enables customer satisfaction and therefore engagement is at the heart of our people strategy. As well as working with the Joint Union group (recognised by the organisation for the purposes of collective bargaining and consultation in some parts of the organisation), we also proactively engage with employees to develop open two way communication, working groups, ideas generation sessions; working practices reviews, health and wellbeing programmes and opportunities to deliver organisational improvements.

Our senior management is responsible for delivering strong commercial performance whilst also ensuring that both our charitable objectives are delivered for all consumers and we have an effective and engaged employee population. To deliver these challenging and often complex goals, we require high calibre individuals across the organisation. Remuneration for senior management is set at appropriate levels and is in line with principles set out in the Financial Reporting Council's UK corporate governance code.

SETTING REMUNERATION

Council appoints a Remuneration Committee from its trustees plus the chair of Which? Limited. With the support of the Group People Director and external independent experts, the Committee makes independent recommendations for approval by Council on the remuneration of the Group Chief Executive and other senior management, as well as the annual pay award for employees across the whole Group. During 2016/17 the Remuneration Committee undertook an in-depth review of the remuneration approach and principles suitable to support the achievement of the new five year strategic plan. These new arrangements were implemented at the start of the 2017/18 financial year.

At the heart of our new reward philosophy is the attraction, retention and motivation of employees of the highest calibre at all levels, to enable us to sustain our performance. We must also ensure we only pay what is necessary to achieve our goals, particularly given the position of Which? as a social enterprise which has commercial operations. However, unlike most other charities, our organisation does not receive any public donations, government funding or grants.

Our remuneration review has led to a change in the reward structure for our senior executives from 1 July 2017, and indeed to the approach we will adopt for all our staff in the future. Our reward programme now centres on a mix of commercial and charitable objectives for all our senior executives, and ensures an alignment of reward provision across the organisation as a whole, moving away from a long-term reward for a small number of executives focusing on commercial goals.

We adopt a total remuneration approach, (i.e. the total of base salary, variable pay, benefits and other market related payments where appropriate) and aim to be around the median of the relevant market for a role at total remuneration level.

With the assistance of external independent experts, we benchmark roles using a variety of established and robust market data sources that enable us to select the right comparator group for our range of roles. We are currently using a combination of benchmarks including not for profit, private, public sector and commercial enterprises that are similar either in nature or

Employees and remuneration continued

size, scale and complexity. We also use information from search consultants and other sources in relation to new hires.

A key principle of our new remuneration approach is that we will operate an inclusive approach to reward, and have common frameworks across the organisation that balance the need to be market-sensitive whilst being in accordance with the new organisational design. Following the approval of the new variable pay plan for senior executives, we will be reviewing in 2017/18 how this approach can be rolled out to all employees, together with alignment of objective setting in the context of the updated strategic framework.

Some members of the Executive also hold non-executive director positions or similar non-executive roles within other organisations that have been approved as non-conflicting with their roles at Which?. This is actively encouraged to enable personal development and a broader perspective that benefits their performance at Which?.

INCENTIVE PLANS

Following the completion of this review of executive remuneration within the organisation, Council made the decision during the year to close the Long-Term Incentive Plan (LTIP) schemes from 2015-18 onwards. These schemes were designed to reward senior employees for delivering transformational improvements in performance across the commercial businesses. When the original 2012-15 scheme was set up the base valuation of the commercial businesses was £106.6m. Four years later, it had risen to £202.6m – an overall increase of 90%.

However, following a recent review of remuneration it was considered that the LTIP schemes, which were more commercially focused, did not best reflect the new direction and have therefore been ended beyond the current financial year.

Given that the June 2016 valuation (£202.6m) of our commercial businesses was in excess of the 2014-17 scheme maximum target of £191.0, the 2014-17 scheme was then paid out for qualifying employees after the year-end at the maximum level.

As the 2015–18, 2016/17 and 2016–19 schemes were closed part way through their terms, it was agreed in lieu of fulfilling contractual obligations that limited compensation payments would be made if the relevant employees were still in post at the end of the original scheme terms (after June 2018 & 2019 respectively). These proposed compensation amounts, which have been reduced from their expected payout levels to reflect future uncertainties, will be accrued over the respective periods.

GROUP CHIEF EXECUTIVE REMUNERATION

As noted in the table below, the underlying remuneration of the Group Chief Executive has declined by 15% to £418,000. As highlighted previously, we have provided for a proportion of the cost of closing future LTIP schemes (£44,000), which will only be payable in future years.

The total employee benefits earned in year reflects the amount disclosed in the salary banding table on page 25. In line with UK accounting standards, this reflects the total remuneration earned in year rather than paid.

To reflect the two key parts of his role (charitable and commercial) the remuneration of the Group Chief Executive is bench-marked and evaluated utilising data from a significant list of companies both commercial and charitable to create a hybrid data set which reflects the role leading a social enterprise. The role has been bench-marked at the median of this data set across the three elements of base pay, pension and benefits and variable pay. Further details of this approach together with the remuneration principles and approach are provided on page 11. Also, during 2016/17 Mr Vicary-Smith voluntarily agreed to give up any future entitlement to LTIP arrangements.

Group Chief Executive employee benefits	2016/17 £'000	2015/16 £'000
Basic salary	241	235
Allowances	38	35
Bonus	96	54
Pension allowance/Pension	27	26
LTIP accrued	(1)	125
Benefit-in-kind	17	15
Underlying remuneration	**418**	**490**
LTIP closure compensation payable in future years*	44	–
Total employee benefits earned in year	**462**	**490**

* Reflects compensation for the closure of the LTIP schemes beyond 2014–17. Part of the above amount will be paid in the 2018–19 financial year with the remainder in 2019–20.

Other information

CORPORATE SOCIAL RESPONSIBILITY

Which? made further progress towards becoming a more environmentally responsible organisation. The paper in our magazines, accredited by the Pan European Forestry Commission (FEFC) was produced chlorine free, using timber from sustainable forests. The poly-bags used to wrap our magazines were biodegradable and wherever possible our customer mailings were delivered as 'sustainable mail', emphasising the need for subsequent recycling. We also seek where possible to remove any unnecessary wastage from our production process.

Within our offices, we continually aim to improve our environmental and sustainability performance. All the waste generated by Which? was either recycled or turned into biofuel to generate electricity. As a result none of our waste was sent to landfill.

The redevelopment of our London headquarters is expected to attain 'very good' status according to BREEAM (British Research Establishment Environmental Assessment Method) standards, placing it in the upper quartile of new non-domestic buildings, representing advanced good practice.

BANKERS AND PROFESSIONAL ADVISERS

The principal banker is:
Barclays Bank plc
The Lea Valley Group
78 Turners Hill
Cheshunt
Herts EN8 9BW

The independent auditor and tax adviser is:
PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

OTHER INFORMATION

The following information is contained elsewhere in the financial statements:

- Net movement in funds (page 16);
- Significant relationships, including political and charitable donations (page 29); and
- Council, Board, Committee & Executive membership (page 35).

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a Council Trustee at the date of approval of this report confirms that:

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

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

PricewaterhouseCoopers LLP has indicated its willingness to be reappointed for another term. An audit tender process is scheduled to commence in late 2017, reflecting five years since the previous review. This is scheduled to be completed in early 2018.

The Council of Trustees' report, including the Strategic report (pages 4–8) was approved by the Council of Trustees and signed on its behalf by:

Tim Gardam.

Tim Gardam
Council Chair
2 Marylebone Road, London, NW1 4DF
11 October 2017

Independent auditors' report

to the members of Consumers' Association

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, Consumers' Association's Group financial statements and parent charitable Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the parent charitable Company's affairs as at 30 June 2017 and of the Group's and parent charitable Company's incoming resources and application of resources, including its income and expenditure, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the 2016/17 financial statements (the "Annual Report"), which comprise:

- the Group and parent charitable Company balance sheets as at 30 June 2017;
- the Group statement of financial activities,
- the Group cash flow statement for the year then ended;
- the accounting policies; and
- the notes to the financial statements.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the charitable Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CONCLUSIONS RELATING TO GOING-CONCERN

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

- the trustees' use of the going-concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's and parent charitable 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and parent charitable Company's ability to continue as a going-concern.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Council of Trustees' report (incorporating Strategic report)

In our opinion, based on the work undertaken in the course of the audit the information given in the Council of Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic report and the Council of Trustees' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Group and parent charitable Company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic report and the Council of Trustees' report. We have nothing to report in this respect.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the trustees for the financial statements

As explained more fully in the Council responsibilities statement set out on page 2, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' 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.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

COMPANIES ACT 2006 EXCEPTION REPORTING

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

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

We have no exceptions to report arising from this responsibility.

Philip Stokes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 October 2017

Consolidated statement of financial activities

For the year ended 30 June 2017
Incorporating a consolidated income and expenditure account

	Note	The Charity – Consumers' Association £'000	Subsidiaries £'000	Transactions between the companies (P&L or Reserves)* £'000	Group Total 2016/17 £'000	Group Total 2015/16 £'000
Income from						
Incoming from other trading activities:						
Other trading activities		–	100,480	–	100,480	100,473
Incoming from charitable activities:						
Research income		11,716	–	(11,544)	172	97
Investment income		486	–	–	486	639
Other income:						
Other income		9	–	–	9	21
Gift aid from subsidiary undertakings		20,000	–	(20,000)	–	–
Total income		32,211	100,480	(31,544)	101,147	101,230
Expenditure on						
Raising funds:						
Fundraising trading	2	–	(91,616)	11,544	(80,072)	(77,828)
Charitable activities:						
Consumer research	2	(11,577)	–	–	(11,577)	(11,512)
Promoting consumer interests	2	(13,289)	–	–	(13,289)	(12,798)
Total expenditure		(24,866)	(91,616)	11,544	(104,938)	(102,138)
Net gains on investments		5,023	–	–	5,023	2,629
Net incoming/(outgoing) resources before other comprehensive income		12,368	8,864	(20,000)	1,232	1,721
Other comprehensive income						
Currency translation difference on foreign currency net investments		–	32	–	32	–
Actuarial losses on defined benefit pension schemes	21	(4,200)	–	–	(4,200)	(4,900)
Net movement in funds	5	8,168	8,896	(20,000)	(2,936)	(3,179)
Reconciliation of funds						
Total funds brought forward at 1 July					49,272	52,451
Total funds carried forward at 30 June					46,336	49,272

* Transactions between the companies reflect intercompany transactions within the Group that eliminate on consolidation of the Group accounts, thus have no impact on the overall results. Note that gift aid payments from subsidiaries are treated as incoming resources by the Charity and distributions from reserves by the paying subsidiary.

The consolidated statement of financial activities includes all gains and losses in the year.
There is no difference between net incoming resources and its historical cost equivalent in the current and prior year.
The figures above relate entirely to continuing operations.
Note: All funds of the charity are unrestricted.

Balance sheets

As at 30 June 2017

		Group		Consumers' Association	
		2017	2016	2017	2016
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	9	51	1,032	–	64
Tangible assets	10	28,059	17,658	27,636	17,518
Investments	11	31,837	35,812	31,837	35,812
Investments in subsidiary and associated undertakings	12	52	52	20,052	20,052
Other assets	19	2	–	2	–
		60,001	54,554	79,527	73,446
Current assets					
Debtors	14	8,309	9,167	15,441	6,713
Cash at bank and in hand		13,868	11,769	2,609	(717)
		22,177	20,936	18,050	5,996
Creditors: Amounts falling due within one year	15	(17,044)	(17,232)	(5,840)	(6,273)
Net current assets/(liabilities)		5,133	3,704	12,210	(277)
Total assets less current liabilities		65,134	58,258	91,737	73,169
Creditors: Amounts falling due after more than one year					
Creditors	16	(8,898)	(1,749)	(8,749)	(1,749)
Provisions for liabilities and charges	17	–	(737)	–	–
Net assets before defined benefit pension scheme liability		56,236	55,772	82,988	71,420
Defined benefit pension scheme liability	21	(9,900)	(6,500)	(9,900)	(6,500)
Net assets		46,336	49,272	73,088	64,920
Accumulated surplus	20	61,609	55,476	88,361	71,091
Revaluation reserve	20	3,027	7,896	3,027	7,929
Pension reserve	20	(18,300)	(14,100)	(18,300)	(14,100)
Total unrestricted funds	20	46,336	49,272	73,088	64,920

The financial statements on pages 16 to 34 of Consumers' Association (registered number 00580128, charity number 296072) were approved by the Council of Trustees and authorised for issue on 11 October 2017. They were signed on its behalf by:

Tim Gardam.

Tim Gardam
Council Chairman

Consolidated cash flow statement

for the year ended 30 June 2017

	2016/17		2015/16	
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
Net cash used in operating activities (see below)		(3,303)		(2,878)
Cash flows from investing activities				
Income from investments	454		729	
Interest received	30		10	
Interest paid	(79)		–	
Purchase of intangible assets	(10)		(301)	
Purchase of tangible assets	(11,021)		(5,665)	
Purchase of investments	(12,585)		(393)	
Sale of investments	14,160		5,487	
Net realised gain on sale of investments	9,924		1,278	
(Increase)/decrease in deposits awaiting investment	(2,501)		150	
Net cash (used in)/provided by investing activities		(1,628)		1,295
Cash flows from financing activites				
Cash inflows from new borrowings	7,000		1,749	
Cash flows from swap contract	(2)		–	
Net cash provided by financing activites		6,998		1,749
Change in cash and cash equivalents in the reporting year		2,067		166
Cash and cash equivalents at the beginning of the reporting year		11,769		11,603
Change in cash and cash equivalents due to exchange rate movements		32		–
Cash and cash equivalents at the end of the reporting year		13,868		11,769
Reconciliation of net movements in funds to net cash flow from operating activities				
Net movement in funds for the reporting year (as per the statement of financial activities)		1,232		1,721
Adjustments for:				
Amortisation charges		608		977
Depreciation charges		566		370
Impairment charges of intangible assets		221		–
Impairment charges of tangible assets		54		5
Loss on disposal of intangible assets		162		–
Loss on disposal of tangible assets		–		5
Decrease/(increase) in debtors		858		(1,210)
Decrease in creditors falling due within one year		(188)		(764)
Increase in other creditors falling due after more than one year		149		–
(Decrease)/increase in provisions		(737)		86
Adjustment for pension funding		(800)		(700)
Interest received		(30)		(10)
Interest paid		79		–
Income from investments		(454)		(729)
Net realised gain on sale of investments		(9,924)		(1,278)
Net unrealised loss/(gain) on investments		4,901		(1,351)
Net cash used in operating activities		(3,303)		(2,878)

Notes to the financial statements

1 PRINCIPAL ACCOUNTING POLICIES AND OTHER INFORMATION

GENERAL INFORMATION AND STATEMENTS OF COMPLIANCE

Consumers' Association (CA) is a registered charity (No 296072) and a private company limited by guarantee. It is registered in the United Kingdom (No 00580128) and its registered office is at 2 Marylebone Road, London, NW1 4DF.

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. They also conform to the recommendations contained in the Statement of Recommended Practice: Accounting and Reporting by Charities issued by the Charity Commission published in 2015 (SORP FRS 102), together with the reporting requirements of the Charities Act 2011 (for charities registered in England and Wales and dual registered charities).

A summary of the principal accounting policies have been set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

BASIS OF ACCOUNTING

CA meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared under the historical cost convention unless otherwise stated in the relevant accounting policy note.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgements in the process of applying the Group and charity accounting policies.

CA has taken advantage of the following exemptions:

- from preparing a statement of cashflows, on the basis that it is a qualifying entity. The consolidated statement of cashflows, within the financial statements, includes CA's cash flows.
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures.

BASIS OF CONSOLIDATION

The Group financial statements consolidate the financial statements of all Group companies for the year to 30 June 2017 with the statement of financial activities (SOFA) and balance sheet being consolidated on a line-by-line basis. Transactions between Group companies are eliminated on consolidation in the SOFA.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply Group accounting policies when prepraing the consolidated financial statements.

INCOME

Income represents the sales value of goods and services supplied excluding value added tax (where applicable) and sales between Group companies. The directors are of the opinion that substantially all of the Group's income originates in the United Kingdom and is from the same class of business. All income is recognised on the accruals basis of accounting.

Subscription revenue on magazines is recognised when the related product is dispatched to the customer. Subscription revenue on services is recognised in relation to the time period that the payment applies. Subscriptions received in advance of the product or service being received by the customer are treated as current liabilities (subscriptions received in advance), while revenue relating to products or services received by the customer before payment is treated as accrued subscriptions within debtors.

Fees and commission earned on the sale of mortgages and other related products is recognised when the particular mortgage is completed or when the work associated with the fee has been completed.

EXPENDITURE

All expenditure on research is recognised in the year in which it is incurred. Wherever possible, expenditure by the charity is attributed specifically to the purpose for which it is incurred. Costs of generating funds and charitable activities comprise direct costs (including attributable staff costs) and an appropriate apportionment of support costs.

Support costs (which include shared costs such as finance, in-house legal, information technology, and human resources costs) are allocated to ensure the indirect costs of products are recovered across the categories of:

- Expenditure on raising funds: primarily costs within our commercial operations; and
- Charitable activities: costs of consumer research and promoting consumer interests.

The basis for the allocation of shared support costs is as follows:

- management, finance & in-house legal, human resources and direct support costs: number of staff;
- information technology: number of staff and number of research and publishing staff.

INTANGIBLE ASSETS

Intangible assets are measured at cost less accumulated amortisation and any provision for impairment. Amortisation is calculated on assets in order to write off their cost less residual value in equal instalments over their estimated useful lives. Assets are capitalised if the cost exceeds £10,000 and are considered to have a useful life of more than one year.

An impairment indicator assessment is conducted on an annual basis and any asset found to have a carrying value materially higher than its recoverable amount is written down accordingly.

Asset lives are estimated as follows:

- Software: 1–5 years

These useful lives are reviewed on an annual basis.

Derecognition: Intangible assets are derecognised on disposal or when no future economic benefits are expected.

1 PRINCIPAL ACCOUNTING POLICIES continued

TANGIBLE ASSETS

Tangible assets are measured at cost less accumulated depreciation and any provision for impairment. Depreciation is calculated on assets in order to write off their cost less residual value in equal instalments over their estimated useful lives. Assets are capitalised if the cost exceeds £10,000 and are considered to have a useful life more than one year.

An impairment indicator assessment is conducted on an annual basis and any asset found to have a carrying value materially higher than its recoverable amount is written down accordingly.

Asset lives are estimated as follows:

- Freehold land: not depreciated
- Freehold buildings: 50 years
- Long-term leasehold premises (2 Marylebone Road): 125 years
- Fixtures, fittings and equipment: 1–5 years
- Construction in progress: Stated at cost. These assets are not depreciated until they are available for use.

These useful economic lives are reviewed on an annual basis.
Derecognition: Tangible assets are derecognised on disposal or when no future economic benefits are expected.

INVESTMENTS

Investments held as assets are revalued to bid value as at the balance sheet date. Realised and unrealised gains and losses arising from the revaluation of the investment portfolio in the year are included in net gains on investments in the SOFA.

INVESTMENTS IN SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

Investments in subsidiary and associated companies are valued at cost. When the directors consider a subsidiary to have suffered a permanent diminution in value, an appropriate adjustment is made to the value of the investment in the financial statements, to reflect its recoverable amount.

PROVISIONS

A provision is recognised in the balance sheet when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefit will be required to settle the obligation.

BORROWING COSTS

All borrowing costs are recognised in the SOFA in the period in which they are incurred.

FINANCIAL INSTRUMENTS

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial intruments.

Basic financial assets, including trade and other receivables, cash and bank balances and investments are initially recognised at transaction price, unless the arrangement consititutes a financial transaction. In this case the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost, using the effective interest method.

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies, are initially recognised at transaction price, unless the arrangement constitutes a financial transaction. In this case the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Derivatives, including interest rate swaps, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of the derivatives are recognised in the profit and loss in finance income.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expired.

DEBTORS

Debtors are stated initially at fair value and subsequently at their amortised cost less impairment losses. A provision for impairment of debtors is established when there is objective evidence that the Group will not be able to collect all amounts due. Such assets are subsequently carried at amortised cost, using the effective interest rate method.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, and deposits held at call with banks.

RELATED PARTY TRANSACTIONS

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the trustees, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

1 PRINCIPAL ACCOUNTING POLICIES continued

EMPLOYEE BENEFITS
Short-term benefits, including holiday pay and other non-monetary benefits, are recognised as an expense in the period in which the service is received.

PENSION COSTS
The Group operates a pension scheme with two sections: a hybrid and a defined contribution scheme. The hybrid scheme combines the features of both defined benefit and defined contribution schemes, providing benefits based on the higher of a final salary pension and a money purchase pension. The hybrid scheme was closed to new entrants on 1 April 2004.

For the defined benefit scheme, the amounts charged in total expenditure are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs have been recognised immediately in the SOFA if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. Under FRS 102, a net interest expense is calculated by applying the discount rate to the net defined benefit liability and is recognised in the SOFA. Actuarial gains and losses are recognised immediately in ‘Other comprehensive income’.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate or return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities.

The actuarial valuations are obtained at least triennially and are updated for FRS 102 purposes at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax is presented separately on the face of the balance sheet. Defined benefit assets are recognised only to the extent that the surplus can be recovered, either through reduced contributions in the future or through refunds from the scheme.

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

LONG-TERM INCENTIVE PLAN (LTIP)
Following a review of senior remuneration and reward, the company no longer operates an LTIP scheme. More information on this is provided on page 12.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY
The Group has to make judgements in applying its accounting policies which affect the amounts recognised in the accounts. In addition, estimates and assumptions are made that could affect the reported amounts of assets and liabilities within the financial year. The most significant areas where judgement and estimates are disclosed are in the following notes:
- Useful life of assets: notes 9 and 10.
- Pension costs: note 21.

OPERATING LEASES
Leases that do not transfer over the risks and reward of ownership are classified as operating leases. The cost of operating leases is charged to the SOFA in equal instalments over the period of the lease.

FOREIGN EXCHANGE
The Group financial statements are presented in pound sterling and rounded to the nearest thousand. The Group’s functional and presentational currency is pound sterling.

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are accounted for in the SOFA.

IRRECOVERABLE VAT
Any irrecoverable VAT is charged to the SOFA, or capitalised as part of the cost of the related asset where appropriate.

TAXATION
The activities of the charity are exempt from the liability to taxation which fall within the scope of Part 11 of the Corporation Tax Act 2010. No current tax liability arose in respect of the trading subsidiary (Which? Limited) because it made or is expected to make a gift aid payment to the charity within the allowable time frame post year end equal to its taxable profit after any applicable group relief.

Deferred taxation in the subsidiary is provided in full on timing differences that 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 incoming resources and resources expended in taxation computations in periods different from those in which they are included in financial statements. 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.

GOING-CONCERN
The Group’s business activities, together with the factors likely to affect its future development performance and position are set out in the Council of Trustees’ report. The Group is funded primarily by retained earnings and has significant cash reserves and liquid investments. The Group generates the majority of its cash in the form of subscription income and does not rely on external funding for day-to-day working capital requirements. The external mortgage now in place is partially funding the Marylebone Road headquarters redevelopment.

After making enquiries, Council has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going-concern basis in preparing the annual report and financial statements.

2 TOTAL EXPENDITURE

	Notes	Direct costs £'000	Support costs £'000	Total 2016/17 £'000	Total 2015/16 £'000
Raising funds					
Cost of sales		(26,772)	–	(26,772)	(28,499)
Distribution costs		(7,810)	–	(7,810)	(8,575)
Other trading expenditure	3	(31,849)	(13,641)	(45,490)	(40,754)
Total fundraising trading		(66,431)	(13,641)	(80,072)	(77,828)
Charitable activities					
Consumer research	3	(8,522)	(3,055)	(11,577)	(11,512)
Promoting consumer interests	3	(10,655)	(2,634)	(13,289)	(12,798)
Total expenditure		(85,608)	(19,330)	(104,938)	(102,138)

3 SUPPORT COSTS

	Management £'000	Finance & Legal £'000	Information Technology £'000	Human Resources £'000	Direct Support costs £'000	Total 2016/17 £'000	Total 2015/16 £'000
Raising funds							
Other trading expenditure	(443)	(2,340)	(2,510)	(4,663)	(3,685)	(13,641)	(11,225)
Charitable activities							
Consumer research	(301)	(587)	(545)	(677)	(945)	(3,055)	(2,542)
Promoting consumer interests	(259)	(506)	(470)	(584)	(815)	(2,634)	(2,234)
Total expenditure	(1,003)	(3,433)	(3,525)	(5,924)	(5,445)	(19,330)	(16,001)

Included in the support costs above are governance costs of £517k (2015/16: £535k).

4 RESULTS FROM TRADING ACTIVITIES OF SUBSIDIARIES

	Which? Limited 2016/17 £'000	Which? Financial Services Limited 2016/17 £'000	Other subsidiaries 2016/17 £'000
Profit & Loss Account			
Turnover	95,210	6,030	764
Other net expenditure	(83,209)	(9,910)	(21)
Retained profit/(loss) for the year	12,001	(3,880)	743
Balance sheet			
Total assets	37,057	4,219	–
Total liabilities	(22,752)	(3,277)	–
Total funds	14,305	942	–

Which? Limited provides education, information and advice to the benefit of consumers through the subscription to Which? products and services and also delivers the Which? Trusted Trader and Which? Legal services. Which? Financial Services Limited provides a mortgage broking service. Included in 'Other subsidiaries' are transactions relating to Which? International Limited and Yellowfin Holdings Limited. The former is currently in the process of being closed, while the latter was closed in the year.

5 NET MOVEMENT IN FUNDS

	2016/17 £'000	2015/16 £'000
Net movement of funds is stated after charging		
Amortisation on intangible assets	608	977
Depreciation of tangible assets	566	370
Impairment of intangible assets	221	–
Impairment of tangible assets	54	5
Loss on disposal of tangible assets	162	5
Loss on foreign exchange	11	46
Expenses of the Council of Trustees (detailed in the Council of Trustees Report)*	13	13
Cost of liability insurance for Council of Trustees	5	4
Payment under operating leases charged to the SOFA:	683	651
The analysis of auditors' remuneration for the audit of the Company's annual financial statements		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements		
The audit of CA	26	32
Fees payable to the Company's auditor and their associates for other services to the Group		
The audit of other Company's subsidiaries pursuant to legislation	48	47
Total audit fees	74	79
Tax services	15	15
Other services	6	21
Total non-audit fees	21	36

* Members of Council do not receive any payment for their services.

6 INTEREST PAYABLE AND OTHER SIMILAR CHARGES

	2016/17 £'000	2015/16 £'000
Interest on mortgage	79	–
Total interest payable and other similar charges	79	–

7 EMPLOYEES

	Charitable £'000	Commercial £'000	Total 2016/17 £'000	Total 2015/16 £'000
Employee costs during the year amounted to:				
Salaries and wages	8,922	22,869	31,791	28,838
Social security	1,031	2,574	3,605	3,355
Pension costs - Defined benefits	170	218	388	475
Pension costs - Defined contribution	685	1,641	2,326	1,980
Long-Term Incentive Plan	–	(18)	(18)	415
Compensation for closure of LTIP	–	131	131	–
Compensation for loss of office	249	615	864	466
Benefits in kind	188	544	732	672
Total	11,245	28,574	39,819	36,201

Costs of charitable and commercial activity have been allocated on the basis of time spent.
Compensation for loss of office primarily relates to restructure costs following the implementation of the new organisational design.

The average monthly number of employees of the Group during the year was:	Charitable number of employees	Commercial number of employees	Total 2016/17 number of employees	Total 2015/16 number of employees
Consumer research	92	–	92	92
Promoting consumer interests	80	–	80	81
Support activities	29	72	101	87
Trading activities	–	478	478	408
Total	201	550	751	668

Key employees	Charitable £'000	Commercial £'000	Total 2016/17 £'000	Total 2015/16 £'000
Employee costs during the year amounted to:				
Salaries and wages	619	1,354	1,973	1,438
Pension costs - Defined benefits	–	12	12	68
Pension costs - Defined contribution	46	40	86	41
Long-Term Incentive Plan	–	(18)	(18)	415
Compensation for closure of LTIP	–	131	131	–
Compensation for loss of office	12	30	42	224
Benefits in kind	7	27	34	30
Total	684	1,576	2,260	2,216

Key employee costs in 2016/17 relate primarily to 12 employees in the Corporate Leadership Team, reflecting the new organisational structure implemented in the year. In 2015/16 they reflected the costs of 7 employees who were in the Corporate Management Group during the year.

7 EMPLOYEES continued

The numbers of employees of the Group who received employee benefits in excess of £60,000 in the year were: (under FRS 102 employee benefits now includes salaries, bonuses, pension contributions, amounts awarded under Long Term Incentive Plans, benefits paid in kind and termination payments. Previously, emoluments were made up from salaries and bonuses only).

	Charitable number of employees 2016/17	Commercial number of employees 2016/17
£60,001–£70,000 35 (2015/16: 34) employees	8.6	26.4
£70,001–£80,000 26 (2015/16: 26) employees	5.9	20.1
£80,001–£90,000 17 (2015/16: 17) employees	6.7	10.3
£90,001–£100,000 13 (2015/16: 7) employees	1.9	11.1
£100,001–£110,000 3 (2015/16: 4) employees	1.0	2.0
£110,001–£120,000 8 (2015/16: 2) employees	2.1	5.9
£120,001–£130,000 3 (2015/16: 1) employees	2.0	1.0
£130,001–£140,000 2 (2015/16: 2) employees	0.5	1.5
£140,001–£150,000 1 (2015/16: 1) employees	–	1.0
£150,001–£160,000 1 (2015/16: 1) employees	–	1.0
£160,001–£170,000 1 (2015/16: 2) employees	–	1.0
£170,001–£180,000 2 (2015/16: 2) employees	–	2.0
£180,001–£190,000 1 (2015/16: –) employees	0.5	0.5
£190,001–£200,000 3 (2015/16: 1) employees	0.6	2.4
£200,001–£210,000 – (2015/16: 1) employees	–	–
£210,001–£220,000 – (2015/16: 1) employees	–	–
£220,001–£230,000 – (2015/16: 1) employees	–	–
£230,001–£240,000 2 (2015/16: –) employees	–	2.0
£280,001–£290,000 1 (2015/16: –) employees	–	1.0
£320,001–£330,000 1 (2015/16: –) employees	–	1.0
£330,001–£340,000 1 (2015/16: –) employees	0.5	0.5
£350,001–£360,000 1 (2015/16: –) employees	–	1.0
£370,001–£380,000 – (2015/16: 1) employees	–	–
£440,001–£450,000 – (2015/16: 2) employees	–	–
£460,001–£470,000 1 (2015/16: –) employees	0.3	0.7
£480,001–£490,000 – (2015/16: 1) employees	–	–

As a result of the significant commercial activites of the Group, a number of our higher-paid staff dedicate considerable amounts of time to the Group's commercial activities, which are performed by the subsidiary companies, including Which? Limited. As well as showing the total number of individual group employees by the salary bandings, the table above also shows the allocation of higher paid staff between the Group's charitable and commercial activities to one decimal place.

The highest amount charged to the charity for an individual was £170,000. The highest paid employee in the Group was the Group Chief Executive.

8 TAXATION

Consumers' Association is a registered charity, and is therefore exempt from the liability to taxation on its current activities which fall within the scope of Part 11 of the Corporation Taxes Act 2010. No taxation, either current or deferred, arose in respect of any subsidiary company of the Consumers' Association.

9 INTANGIBLE ASSETS

	Group			Consumers' Association	
	Software £'000	Total £'000		Software £'000	Total £'000
Cost or valuation			Cost or valuation		
At 1 July 2016	5,572	5,572	At 1 July 2016	647	647
Additions	10	10	Additions	–	–
Disposals	(279)	(279)	Disposals	(54)	(54)
At 30 June 2017	5,303	5,303	**At 30 June 2017**	593	593
Accumulated amortisation			Accumulated amortisation		
At 1 July 2016	4,540	4,540	At 1 July 2016	583	583
Amortisation charged	608	608	Amortisation charged	48	48
Impairment	221	221	Impairments	4	4
Disposals	(117)	(117)	Disposals	(42)	(42)
At 30 June 2017	5,252	5,252	**At 30 June 2017**	593	593
Net book value			Net book value		
At 30 June 2016	1,032	1,032	At 30 June 2016	64	64
At 30 June 2017	51	51	**At 30 June 2017**	–	–

The decrease in net book value is due to the amortisation and impairment of the customer management system.

10 TANGIBLE ASSETS

	Freehold land & buildings £'000	Long-term leasehold premises £'000	Fixtures fittings & equipment £'000	Construction in progress £'000	Total £'000
Group					
Cost or valuation					
At 1 July 2016	2,912	13,900	2,409	5,746	24,967
Additions	–	–	837	10,184	11,021
At 30 June 2017	2,912	13,900	3,246	15,930	35,988
Accumulated depreciation					
At 1 July 2016	702	4,928	1,679	–	7,309
Depreciation charged	39	98	429	–	566
Impairment	–	–	54	–	54
At 30 June 2017	741	5,026	2,162	–	7,929
Net book value					
At 30 June 2016	2,210	8,972	730	5,746	17,658
At 30 June 2017	2,171	8,874	1,084	15,930	28,059

	Freehold land & buildings £'000	Long-term leasehold premises £'000	Fixtures fittings & equipment £'000	Construction in progress £'000	Total £'000
Consumers' Association					
Cost or valuation					
At 1 July 2016	2,912	13,900	1,988	5,746	24,546
Additions	–	–	390	10,184	10,574
At 30 June 2017	2,912	13,900	2,378	15,930	35,120
Accumulated depreciation					
At 1 July 2016	702	4,928	1,398	–	7,028
Depreciation charged	39	98	319	–	456
At 30 June 2017	741	5,026	1,717	–	7,484
Net book value					
At 30 June 2016	2,210	8,972	590	5,746	17,518
At 30 June 2017	2,171	8,874	661	15,930	27,636

'Freehold land and buildings' represents Consumers' Association's property at Gascoyne Way, Hertford. This includes land with a cost of £1,550k (2016: £1,550k) which is not depreciated.

'Long-term leasehold premises' and 'Construction in progress' represents Consumers' Association's property at 2 Marylebone Road, London.

The properties of Consumers' Association, together with associated fixtures and fittings and equipment are used both by staff employed by the charity and by its trading subsidiaries. An appropriate proportion of the operating cost is shared by each company, but it is not considered practicable to divide the value of the assets between those used by the charity for its own purposes and those used for trading.

11 INVESTMENTS

	Deposits awaiting investment £'000	Market value of authorised UK unit trusts £'000	Total £'000
Balance at 1 July 2016	–	35,812	35,812
Income from investments	454	–	454
Purchases during the year	(12,585)	12,585	–
Sales during the year	24,084	(24,084)	–
Cash withdrawals	(9,452)	–	(9,452)
Realised gain on investments	–	9,924	9,924
Unrealised loss on investments	–	(4,901)	(4,901)
Balance at 30 June 2017	2,501	29,336	31,837
Historical cost			
At 30 June 2016		28,061	
At 30 June 2017		26,486	

Fixed asset investments consist of direct holdings in fixed interest bonds and loans, UK and international equities and cash.

Investments in a security exceeding 5% of the total value of the portfolio:

Ishares Core MSCI World UCITS ETF	56.5%
Charities Property Fund	16.6%
Ishares 1-5YR UCITS GB shares	10.7%
IIshares Core EM IMI Blackrock	5.9%

12 INVESTMENTS IN SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

Subsidiary undertakings	Holding	Proportion owned	Principal activity
Direct holdings of CA			
Which? Limited	Ordinary shares	100%	Publishing
Indirect holdings of CA			
Which? International Limited	Ordinary shares	100%	Holding company
Which? Financial Services Limited	Ordinary shares	100%	Mortgage broking
Which? Legal Limited	Ordinary shares	100%	Not yet trading
Other investments			
Direct holdings of CA			
International Consumer Research and Testing Limited	'A' Ordinary shares	17%	Consumer research on international basis

The registered office for all subsidiary undertakings is 2 Marylebone Road, London, NW1 4DF.
Both BGG Information Private Limited (India) and Yellowfin Holdings Limited (Mauritius) were closed in the year.
Which? International Limited is in the process of being closed.

Shares in subsidiary and associated companies	Group £'000	Consumers' Association £'000
Cost and net book value		
At 1 July 2016	52	20,052
Disposals	–	–
At 30 June 2017	52	20,052

13 RELATIONSHIPS

POLITICAL AND CHARITABLE CONTRIBUTIONS AND RELATED PARTY TRANSACTIONS
No political donations were made during the year (2015/16: £nil). Total charitable donations were £75k (2015/16: £195k).

RESEARCH INSTITUTE FOR CONSUMER AFFAIRS (RICA)
The Group made a donation of £75k during the year to the registered charity, Research Institute for Consumer Affairs (2015/16: £75k) as a general grant to cover operating expenses. A trustee of RICA is also a Council member of CA. The level of funds RICA received from the Group represents a material proportion of its own income.

INTERNATIONAL CONSUMER RESEARCH AND TESTING LIMITED (ICRT)
During the year, Consumers' Association paid £103k (2015/16: £94k) in membership fees to ICRT. In addition, a further £625k (2015/16: £730k) was paid in respect of commission for work secured through the offices of ICRT. ICRT has one Board member in common with Which? Limited. The amount payable to ICRT at 30 June 2017 was £185k (30 June 2016: £29k).

CONSUMERS INTERNATIONAL (CI)
Throughout the year, Consumers' Association was a member of CI, the international federation of consumer organisations. Consumers' Association contributes a significant proportion of CI's non-grant income and a CA employee serves on the governing council of CI. During the year Consumers' Association paid £383k (2015/16: £383k) in membership fees.

BUREAU EUROPÉEN DES UNIONS DE CONSOMMATEURS (BEUC)
Throughout the year, Consumers' Association was a member of BEUC, the pan-European federation of consumer organisations. Consumers' Association contributes a significant proportion of BEUC's non-grant income. During the year, Consumers' Association paid £540k (2015/16: £211k) in membership fees.

COUNCIL MEMBERS
There were no material transactions with Council members, their close families or parties with whom Council members are related, other than those disclosed above as per the definition of the related party accounting standard. Council members do not receive any payment for their services (2015/16: £nil). They are reimbursed for travel and accommodation expenses incurred in the performance of their duties and Consumers' Association purchased indemnity insurance to protect Council members (see note 5).

14 DEBTORS

	Group		Consumers' Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade debtors	583	771	22	8
Amounts due from Group undertakings	–	–	13,395	4,141
Other debtors	1,357	2,159	1,145	1,705
Prepayments and accrued income	2,934	2,676	879	859
Accrued subscriptions	3,435	3,561	–	–
Total debtors	8,309	9,167	15,441	6,713

Amounts due from Group undertakings are interest-free and unsecured loans due to the nature of trading and short-term settlement.

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Consumers' Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade creditors	4,870	7,083	1,849	3,600
Taxation and social security	1,151	840	358	375
Other creditors	25	265	10	260
Accruals and deferred income	7,620	5,597	3,623	2,038
Subscriptions received in advance	3,378	3,447	–	–
Total creditors (due within one year)	17,044	17,232	5,840	6,273

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Consumers' Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Mortgage: 2 Marylebone Road	8,749	1,749	8,749	1,749
Other creditors – LTIP closure compensation	149	–	–	–
Total creditors (due after more than one year)	8,898	1,749	8,749	1,749

The mortgage loan reflects the drawdowns to fund part of the building development at the Group's headquarters at 2 Marylebone Road, London. Interest is calculated on the basis of LIBOR plus a fixed margin. Any interest accrued over a three month period is repaid in full soon after. Repayment of the principal loan will commence once all drawdowns have all been made. This loan matures in April 2021.

17 PROVISIONS FOR LIABILITIES AND CHARGES

	Group	Consumers' Association
	£'000	£'000
At 1 July 2016	737	–
LTIP paid in year	(717)	–
LTIP released in year	(20)	–
At 30 June 2017	–	–

The LTIP scheme has now been closed.

18 FINANCIAL COMMITMENTS

The Group had the following minimum lease payments under non-cancellable operating leases for each of the following periods:

	Operating leases (Combined)			
	Group		Consumers' Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Not later than one year	388	424	152	164
Later than one year and not later than five years	1,573	1,582	579	579
Later than five years	13,838	14,314	13,177	13,322
Total commitment	15,799	16,320	13,908	14,065

The majority of the total financial commitment relates to the lease on the building at 2 Marylebone Road, London.
The Group and Company had no other off-balance sheet arrangements.

19 FINANCIAL INSTRUMENTS

The Group has the following financial instruments:

	Group	
	2017	**2016**
	£'000	**£'000**
Investments	29,336	35,812
Other assets (derivative financial instrument)	2	-
Trade debtors	583	771
Other debtors	1,357	2,159
Accrued subscriptions	3,435	3,561
Financial assets	34,713	42,303

The above represent financial assets that are debt instruments measured at amortised cost, except investments and other assets (derivative financial instruments), which were measured at fair value through profit and loss.

Derivative financial instruments – Interest rate swaps
The instrument is used to hedge the Company and Group's exposure to interest rate movements on the Barclays mortgage facility. The hedging rate arrangement fixes the total interest payable at 0.722%. The fair value, determined by the current market price, of the interest rate swap at 30th June 2017 was £2k (2016: Nil). Interest on the mortgage is disclosed in note 6 and cashflows on the swap are paid quarterly until 2021. During 2016/17, a hedging gain of £2k was recognised in the consolidated statement of financial activities for changes in the fair value of the interest rate swap.

	Group	
	2017	**2016**
	£'000	**£'000**
Trade creditors	4,870	7,083
Other creditors	25	265
Accruals	7,620	5,577
Mortgage loan	8,749	1,749
Financial liabilities	21,264	14,674

The above represent financial liabilities that are debt instruments measured at amortised cost.

20 STATEMENT OF MOVEMENT OF FUNDS DURING THE YEAR

	Accumulated surplus* 2016/17 £'000	Revaluation reserve 2016/17 £'000	Pension reserve 2016/17 £'000	Group funds 2016/17 £'000	Group funds 2015/16 £'000
Balance at 1 July	55,476	7,896	(14,100)	49,272	52,451
Net incoming resources	(3,791)	–	–	(3,791)	(908)
Revaluation of investment assets (note 11)	–	(4,901)	–	(4,901)	1,351
Realised gains on investments	9,924	–	–	9,924	1,278
Revaluation of monetary assets and liabilities	–	32	–	32	–
Actuarial losses on defined benefit pension schemes	–	–	(4,200)	(4,200)	(4,900)
Balance at 30 June	61,609	3,027	(18,300)	46,336	49,272

* Accumulated surplus comprises the following:

	Unrestricted charity funds 2016/17 £'000	Accumulated deficit of trading subsidiaries 2016/17 £'000	Consolidation adjustments 2016/17 £'000	Total 2016/17 £'000
Balance at 1 July	71,091	3,385	(19,000)	55,476
Net (outgoing)/incoming resources	7,345	8,864	(20,000)	(3,791)
Realised gains on investments	9,924	–	–	9,924
Gift aid distributions paid from subsidiaries to charity	–	(20,000)	20,000	–
Balance at 30 June	88,360	(7,751)	(19,000)	61,609

21 STAFF PENSIONS

The hybrid section of the scheme provides a pension which is the higher of a defined benefit based on a member's pensionable service and salary and the pension that can be provided by a money purchase account which builds up from part of the employer and employee contributions.

The assets of the scheme are held separately from those of the employer and are invested on behalf of scheme members by the scheme trustees. The valuation used for FRS 102 disclosures has been based on the most recent actuarial valuation as at 31 March 2015 and updated by an independent qualified actuary employed by Punter Southall & Co to take account of the requirements of FRS 102 in order to assess the liabilities of the scheme at 30 June 2017. The calculations have been based on membership data as at 31 March 2017.

Scheme assets are stated at their market value at 30 June 2017, except that an allowance is made for accrued terminal bonuses in respect of the with-profits contract. Scheme liabilities are calculated using the projected unit method. As per FRS102, the pension scheme deficit is recognised in full on the balance sheet.

The hybrid section was closed to new entrants from 1 April 2004. Under the current Schedule of Contributions dated 24 June 2017, contributions to the hybrid section (including both employer and employee contributions) for the year beginning 1 July 2017 are expected to be £1.6m. This figure includes employers contributions of £1.5m and employee contributions of £0.1m, of which approximately £1.1m relates to deficit reduction contributions.

		2017	2016
Assumptions			
The major assumptions used by the actuary to calculate the scheme under FRS 102 were (in nominal terms):			
Rate of increase in pensionable salaries		2.6%	3.1%
Rate of increase in pensions in payment – RPI linked		3.2%	3.1%
Discount rate		2.2%	3.3%
Inflation assumption (RPI)		3.2%	3.1%
Inflation assumption (CPI)		2.2%	2.3%
Rate of revaluation of pensions in deferment		3.2%	2.3%
Return on money purchase underpin fund		7.0%	7.0%
Assumed life expectancies on retirement at age 65 are:			
Retiring today	Males	23.2	23.6
	Females	24.2	24.8
Retiring in 20 years time	Males	24.5	25.2
	Females	25.7	26.6

The assets in the scheme were:	**Value at 30 June 2017** £m	**Value at 30 June 2016** £m
Equities and property	15.6	44.8
Bonds and cash	54.1	35.7
With-profits fund	42.0	37.8
Multi-asset fund	17.1	–
Fair value of scheme assets	128.8	118.3
The scheme does not hold any ordinary shares issued or property occupied by Consumers' Association		
The actual return on assets over the year was	14.6	8.8

Net pension liability **The amounts recognised in the balance sheet are as follows:**	**2017** £m	**2016** £m
Present value of funded obligations	(138.7)	(124.8)
Fair value of scheme assets	128.8	118.3
Deficit	(9.9)	(6.5)

21 STAFF PENSIONS continued

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	2017 £m	2016 £m
Benefit obligation at beginning of year	124.8	113.5
Current service cost	0.5	0.4
Interest cost	4.0	4.5
Contributions by scheme participants	0.1	0.1
Actuarial loss	15.0	9.3
Benefits paid	(5.7)	(3.0)
Benefit obligation at end of year	138.7	124.8

Reconciliation of opening and closing balances of the fair value of the scheme assets	2017 £m	2016 £m
Fair value of scheme assets at beginning of year	118.3	111.2
Interest income on scheme assets	3.8	4.4
Return on assets, excluding interest income	10.8	4.4
Contributions by employers	1.6	1.2
Contributions by scheme participants	0.1	0.1
Benefits paid	(5.7)	(3.0)
Scheme administrative costs	(0.1)	–
Fair value of scheme assets at end of year	128.8	118.3

Amount recognised in profit or loss:	2017 £m	2016 £m
Service cost - including current, service costs, past service costs and settlements	0.5	0.4
Service cost – administrative cost	0.1	–
Net interest on the net defined benefit liability	0.2	0.1
Total expense	0.8	0.5

Remeasurement of the net defined benefit liability to be shown in other comprehensive income (OCI):	2017 £m	2016 £m
Actuarial losses on the liabilities	(15.0)	(9.3)
Return on assets, excluding interest income	10.8	4.4
Total remeasurement of the net defined benefit liability to be shown in OCI	(4.2)	(4.9)

22 LIABILITY OF MEMBERS

The liability of members is limited. In the event of the Company being wound up during a member's period of membership, or within one year afterwards, an amount not exceeding 50p may be required from that member towards the payment of the costs of winding up the Company and the debts and liabilities of the Company incurred before membership ceased.

2016/17 Council, Board, Committee & Executive membership

Council members

Attendance/number of meetings in the year	7
Tim Gardam (Chair)	7 / 7
Shirley Bailey-Wood MBE	7 / 7
Tony Burton OBE (until 31 January 2017)	3 / 3
Dr Jeanie Cruickshank	5 / 7
Sharon Darcy	7 / 7
Dr Melanie Fuller	6 / 7
Donald Grant	7 / 7
Jennifer Oscroft (Deputy Chair)	5 / 7*
Roger Pittock (from 31 January 2017)	4 / 4
Peter Shears	6 / 7
Jonathan Thompson	4 / 7
Mike Tye	7 / 7
Anna Walker CB	6 / 7
Tony Ward OBE (Deputy Chair)	7 / 7
Chris Willett (until 31 January 2017)	2 / 3
Brian Yates (from 31 January 2017)	3 / 4

Which? Limited Board

Attendance/number of meetings in the year	7
Judy Gibbons (from 5 April 2017) (Chair from 1 June 2017)	2 / 2
Mike Clasper CBE (Chair) (until 31 May 2017)	5 / 6
Jacques Cadranel	6 / 7
Deborah Davis	6 / 7
Chris Gardner (until 28 February 2017)	4 / 4
Julie Harris	7 / 7
Ian Hudson	5 / 7
Peter Vicary-Smith	7 / 7
Kevin Wall	4 / 7
Tony Ward OBE	6 / 7

Which? Financial Services Limited Board

Attendance/number of meetings in the year	9
Michael Barley (Chair)	8 / 9
Jacques Cadranel	8 / 9
Nick Castro (until 31 December 2016)	4 / 4
Brian Cole	9 / 9
Chris Gardner (until 28 February 2017)	6 / 6
Mike Lawton (until 7 June 2017)	6 / 9
Martin Potkins (from 12 June 2017)	0 / 0
Jan Smith	8 / 9
Paul Smith	9 / 9
Peter Vicary-Smith (until 15 September 2016)	2 / 2

Group Audit & Risk Committee

Attendance/number of meetings in the year	3
Sharon Darcy (Chair from 1 January 2017)	3 / 3
Nick Castro (Chair) (until 31 December 2016)	2 / 2
Shirley Bailey-Wood MBE (from 1 January 2017)	1 / 1
Deborah Davis	3 / 3
Jan Smith (from 1 January 2017)	1 / 1

Investment Committee

Attendance/number of meetings in the year	3
Tony Ward OBE (Chair)	3 / 3
Dr Jeanie Cruickshank	3 / 3
Mark Tapley	3 / 3

Nomination Committee

Attendance/number of meetings in the year	3
Tim Gardam (Chair) (from 13 December 2016)	2 / 2
Tony Ward OBE (Chair until 12 December 2016)	3 / 3
Shirley Bailey-Wood MBE (from 13 December 2016)	2 / 2
Mike Clasper CBE (from 13 December 2016 until 31 May 2017)	0 / 2
Sharon Darcy (until 31 December 2016)	1 / 1
Judy Gibbons (from 1 June 2017)	0 / 0
Donald Grant	3 / 3
Julie Harris (from 13 December 2016)	2 / 2
Peter Shears	3 / 3

Remuneration Committee

Attendance/number of meetings in the year	6
Mike Tye (Chair from 29 November 2016)	6 / 6
Tony Ward OBE (Chair until 29 November 2016)	6 / 6
Mike Clasper CBE (until 31 May 2017)	4 / 5
Tim Gardam	6 / 6
Judy Gibbons (from 1 June 2017)	1 / 1
Jonathan Thompson	5 / 6

Risk, Audit & Conduct Committee

(A committee of Which? Financial Services Limited)

Attendance/number of meetings in the year	3
Jan Smith (Chair)	3 / 3
Michael Barley	3 / 3
Nick Castro (until 31 December 2016)	1 / 1
Brian Cole	3 / 3
Martin Potkins (from 12 June 2017)	0 / 0

Policy Sub-Group

(Not a formal sub-committee of Council)

Attendance/number of meetings in the year	4
Anna Walker CB (Chair)	4 / 4
Dr Jeanie Cruickshank	4 / 4
Sharon Darcy	4 / 4
Dr Melanie Fuller (from 13 December 2016)	2 / 2
Julie Harris (from 13 December 2016)	2 / 2
Chris Willett (until 28 November 2016)	1 / 2

*Absence due to maternity leave

For those serving for only part of the year the total number of meetings they could have attended is presented alongside the number attended (number attended/total possible).

Corporate Leadership Team (at 30 June 2017)

Peter Vicary-Smith (Group Chief Executive)
Jenni Allen (Managing Director Money Content and Guidance)
Hector Arthur (Group Digital Director)
Jacques Cadranel (Group Finance Director)
Alex Hayman (Managing Director Public and Mixed Markets)
Alex Neil (Managing Director Home Products and Services)
Caroline Normand (Director of Policy)
Paul Smith (Managing Director Money)
Nikki Stopford (Director of Research/Publishing Products and Services)
Sarah Threadgold (Director of Group Marketing)
Angela Williams (Group People Director)

Charmian Averty (General Counsel) also attends meetings

Head Office

Which?, 2 Marylebone Road,
London NW1 4DF
Phone +44 (0)20 7770 7000
Fax +44 (0)20 7770 7600

Customer Services

For all general and customer-related enquiries including all Which? magazine subscriptions:

Which?, Castlemead,
Gascoyne Way,
Hertford SG14 1LH
Phone +44 (0)1992 822800
Fax +44 (0)1992 827485
Email which@which.co.uk
Monday–Friday 08.30 – 18.00
Saturday 09.00 – 13.00

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