



# FINANCIAL STATEMENTS 2010/2011

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# FINANCIAL OVERVIEW

## FOR THE YEAR ENDED 30 JUNE 2011

Consumers' Association (CA) is a registered charity. Its research and advocacy work is funded by taxable profits from its trading subsidiary, Which? Limited, all of which are gifted to CA each year. During the financial year 2010/11, the group was primarily made up of both CA and Which? Limited.

### CA'S FINANCES

We continue to invest in new and existing products and services to meet our members' needs. We also seek to maintain and expand our mission activities of advocacy and informing on consumer issues. In addition, CA aims to have sufficient funds to maintain its reserves at a level that Council of Trustees (Council) considers adequate to insure against future detrimental events.

The consolidated group delivered a net increase in funds of £9.7m (£0.7m decrease in the previous year), reflecting a £3.5m actuarial gain on pension scheme, £2.8m of investment gains and another year of strong underlying performance within the organisation. The net incoming resources in the year of £3.4m (£2.7m in 2009/10) was generated primarily through sustained growth in our subscription products.

The group's balance sheet is extremely strong, with total unrestricted funds at June 2011 of £44.2m (£34.5m at June 2010). However, it must be noted that a substantial part of the growth in year has been generated by movements in investments and the pension deficit, which can be susceptible to material upward and downward fluctuations.

### CA'S FINANCIAL STATEMENTS

Our financial statements are made up of:

- A statement of financial activities (SOFA), specifically for charities, which shows the resources available for charitable activities and how these resources have been used during the year (page 8);
- Balance sheets for the group and the charity, CA, showing what we own, what we owe or are owed and the level of our reserves (page 9); and
- A cash flow statement, showing how we received and spent money in the year (page 10).

These principal statements are supplemented by extensive notes, providing more details on the important items.

### INCOME AND SUBSCRIPTION NUMBERS

Overall group incoming resources of £75.6m were £4.7m higher than the previous year, due primarily to further increases in subscriptions to our products. The total number of subscriptions as at June 2011 was 1,331,000. This was the highest total for over 20 years, representing a 9% uplift on June 2010 and was a superb performance in the wider context of a very challenging publishing marketplace.

Subscriptions to Which? magazine of 617,000 at June 11 were 8% higher than the previous year, while Which? Online continued its upward trajectory with a further 7% of growth, lifting the product to a new all time high level of 255,000.

Which? Computing consolidated its position as the best selling magazine in the sector, breaking through the 200,000 barrier, while growth in Which? Gardening returned it to its highest subscription level since 2006. Which? Money also grew again year on year, although Which? Travel (formerly Which? Holiday) fell slightly over the course of the year.

Which? Legal Service also had an excellent year as customers responded positively to the wide range of advice now offered, while our Which? Switch website attracted an increased volume of energy provider switches.

The year saw the 60th anniversary of the Good Food Guide and a special recipe book was published to commemorate the occasion. This combined with continued success of our Made Easy range saw book revenues increase substantially year on year.

### Spending on advocacy

# 38%

Personal finance

# 17%

Energy

# 8%

Education

# 7%

Food

# 5%

Health

# 5%

Environment

# 2%

Conferences, events & launches

# 18%

Others  
(including online)

### Total number of subscriptions

Year	Total number of subscriptions	Reserves (£)
2007	1,038,000	36.9 m
2008	1,098,000	37.4 m
2009	1,125,000	35.2 m
2010	1,226,000	34.5 m
2011	1,331,000	44.2 m

### Reserves (£)

The newer businesses have seen considerable activity in the year. Our mortgage advice service has made a very promising start, delivering a whole of market service focused solely on obtaining the best deal for the customer. So far, this has only been directed at Which? members, but we expect to market the service to the wider population during 2011/12. Our mobile switching website was launched during the year, but despite a high level of interest, subsequent revenue has been less than anticipated. Our investment in India has continued, with considerable focus on delivering success of the Right Choice magazine over the long term.

Overall we are extremely pleased to deliver such strong growth in what is a very tough market, but we are conscious that the expected economic climate will make it tougher still over the upcoming years as we seek to expand our reach and influence further. However, continuing to focus on meeting customer needs and always seeking to provide additional value, will make us well positioned to tackle such challenges effectively.

### EXPENDITURE

Total resources expended of £72.1m were £4.0m higher than the previous year. This reflected higher direct costs associated with the revenue increase, a rise in advocacy spend as we expand our charitable activity, and an uplift in spend on our new businesses as we seek to build an organisation for the future.

During the year, we invested £4.5m in our new businesses. This incorporated growth of our mortgage advice service, further development around the Right Choice magazine in India, as well as costs from our mobile switching website. Given performance to date around mobile

switching, we have impaired £0.5m of associated website development costs.

The 'How the charity spends its money' breakdown analyses consumer research and promoting consumer interests as shown in note 2 of the accounts. The breakdown shows that 71% of the expenditure of the charity relates to research for our magazines and website. The remaining expenditure relates to promoting consumer interests through our own advocacy and media activities and our support for other consumer organisations.

Our spend on promoting consumer interests increased by 30% year on year, reflecting our commitment to providing a greater breadth of consumer content and support for the wider public.

The 'Spending on advocacy' breakdown shows the main advocacy areas for CA. As in previous years, the size of spend does not necessarily reflect its relative importance to CA. In addition to this explicit advocacy spend, all our publications play an important role in promoting CA advocacy for consumers.

### PENSION SCHEMES

CA operates a hybrid pension scheme and a defined contribution scheme. The hybrid scheme combines the features of defined benefit (final salary) and defined contribution schemes. As at 30 June 2011, under FRS17 the hybrid scheme had a £1.3m deficit (£5.0m at 30 June 2010) and this liability has been provided for in the balance sheet. The most recent formal triennial actuarial valuation of the fund in March 2009 estimated a deficit of £12.2m. During the year, CA and the pension scheme trustees continued to follow the recovery plan to reduce the deficit by making increased contributions.

Future financial exposure is limited in that since March 2004, the hybrid pension scheme has been closed to new members.

From that date, employees have been only permitted to join the separate defined contribution scheme.

### GROUP BALANCE SHEET AND RESERVES

The balance sheet on page 9 illustrates the financial position of the group at 30 June 2011. The major movements in the year were the £3.5m increase in investment value (generated by investment gains and income) and the £3.7m reduction in the pension scheme liability. The combination of these movements combined with the strong operational performance resulted in an increase in reserves of £9.7m to £44.2m.

Our head office at 2 Marylebone Road, London is held on a long lease from the Crown Estate. The head office and our other principal property at Hertford have a combined book value of £12.4m included on our balance sheet at 30 June 2011.

How the charity spends its money

**CONSUMER RESEARCH**

# 71%

**PROMOTING CONSUMER INTERESTS**

# 29%

# COUNCIL OF TRUSTEES' REPORT

FOR THE YEAR ENDED 30 JUNE 2011

Council of Trustees is pleased to present its report together with the financial statements of the charity for the year ended 30 June 2011. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, applicable Accounting Standards in the United Kingdom and the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005 and the Charities Acts 1993 and 2006.

## STATUS OF THE ASSOCIATION

Consumers' Association (CA) is a private company limited by guarantee. It is registered in England (No 580128), and its registered office is at 2 Marylebone Road, London NW1 4DF. It is also a registered charity (No 296072). CA's governing document is its Memorandum and Articles of Association.

## ORGANISATION

The governing body of CA is Council of Trustees (Council), the members of which are also its company directors and charity trustees.

It has twelve members elected from the Ordinary Members of CA by a choice of postal, telephone or internet ballot of Ordinary and Associate members who have been paid up for at least one year, together with up to six members co-opted by the Council. A Chief Executive is appointed by Council to manage the day-to-day operations of the charity.

New Council members are invited and encouraged to attend a half day induction to familiarise themselves with the organisation and the context within which it operates. An information pack with a range of background information about the organisation and information about the duties and responsibilities of being a member is distributed to all new members.

CA's principal trading subsidiary, Which? Limited, is governed by its own board, which is made up of Council members, senior employees and independent non-executive directors.

Council has endorsed a corporate

strategy that consists of a five-year strategic plan. The plan includes a detailed review of activities and sets out the major opportunities available and the risks to which CA is exposed. Council constantly reviews these risks, and monitors progress against the strategic objectives set out in the plan.

## GROUP AUDIT COMMITTEE

A further mechanism through which Council mitigates risk is the establishment of a Group Audit Committee, which oversees the activities of the extended group of companies. The Group Audit Committee is made up of three members, two of whom are Council members, with one also a non-executive director of Which? Limited. The duties of the Group Audit Committee are to consider the appointment, fee, scope and results of audits with independent internal and external auditors. This includes responsibility for reviewing the financial statements. The Committee is also responsible for risk management; business continuity planning; and reviewing the internal control systems to ensure they achieve economy, efficiency and effectiveness and mitigate the risks identified. It also ensures the information security policy meets the organisation's requirements.

The Committee met four times during the year, and continued to be satisfied that the reports presented to it identified no significant concerns about internal controls within the group. The Committee conducts an annual review of its effectiveness.

## CHARITABLE OBJECTS

Our mission is to make all consumers as powerful as the organisations they have to deal with in their daily lives. Over the last year Which? has worked hard on a number of issues which have a huge impact on consumers' everyday lives. Evidence from Which? research and investigations underpins our advocacy to deliver positive change for consumers. We work to influence business behaviour, legislation and regulation by representing the consumer view to businesses, government, and regulators in the UK, EU and internationally. Our research and campaigns have helped consumers across a considerable number of markets including financial services, energy, food, travel, health services and consumer rights.

We continued our work to achieve change in banking and financial services, following the publication of the report by the Future of Banking Commission and contributed to the Independent Banking Commission, established by the government to recommend changes to bank practice and regulation.

We launched a new campaign against credit and debit card surcharges, producing evidence of significant consumer detriment in many markets, particularly in relation to airline tickets. Using our powers under the Enterprise Act 2002, we issued a super complaint to the Office of Fair Trading (OFT) outlining the consumer detriment. The OFT agreed with our complaint and has made recommendations to ban debit card surcharges and plans to take action to

ensure airlines are more transparent about their credit card surcharges.

We have increased our resources to campaign on energy issues and have expanded the issues we work on. We engaged with policymakers on the development of the government's new Green Deal initiative, using our experience from other sectors to include the consumer view, ensuring adequate consumer protections are in place as the initiative is being created. We also challenged the energy industry to limit their activities when installing smart meters in people's homes to prevent mis-selling of other products and services.

## PUBLIC BENEFIT

Which? provides products and services and uses a full range of communication tools to ensure the public can access our research, information and advice. Below are examples of content freely available to all consumers through which.co.uk, providing the public with up to date information to help them make the most informed choices they can:

- Almost 1,000 free advice guides on consumer topics, accessed by millions of people each year.
- Over 700 videos offering advice on a range of relevant subjects. These have been viewed more than 5 million times.
- 14 'live events' where our experts answered the public's questions on a range of topical issues.
- Which? Conversation – our consumer blog generates approximately 55,000 unique visits per month.
- Our free iPhone/iPad app on consumer rights, which has been downloaded over 100,000 times.

This year we have continued to help the public reclaim mis-sold payment protection insurance. As part of a long running campaign to stop mis-selling and ensure financial services companies treat their customers fairly, we have also provided an easy to use tool so that people can avoid using a claims management company and make a complaint themselves.

We also focused organisational efforts to help people switch to better paying savings accounts. Our research showed that British savers are losing out to the tune of £12bn per year due to banks leaving savers stranded in poor-paying and superseded accounts. As a result, we launched a free online savings booster tool which has been used by thousands of consumers.

Council confirms that due regard has been paid to the public benefit guidance published by the Charity Commission.

## CORPORATE SOCIAL RESPONSIBILITY

Which? continues to expand its efforts in becoming a more environmentally sustainable company. The paper used for our magazines, accredited by the Pan European Forestry Commission (PEFC) is produced chlorine free, using timber from well managed and sustainable forests. The paper for our books has been certified by the Forest Stewardship Council (FSC), ensuring that it is sourced from well managed forests. The poly-bags that we use to wrap our magazines for despatch are biodegradable, while our customer mailings are delivered as 'sustainable mail' emphasising the need for subsequent recycling.

Within the organisation we have also seen a growth in environmental activity. Our 'green team' which is made up of interested staff around the organisation has recently implemented several new initiatives. We remind our staff regularly on reducing paper consumption and ensuring that office equipment is switched off when not needed.

We also encourage our staff to work in local community projects. For example during the year a team of our staff assisted an environmental regeneration charity in improving a communal garden, close to our Hertford office, which was managed by a housing association. After a hard but fun day spent giving the garden a thorough makeover, a real and visible improvement was made for the local residents and community.

## INVESTMENT POLICY

CA's Memorandum of Association gives the Council broad powers to invest its surplus funds. An order from the Charity Commissioners under section 26 of the Charities Act 1993 allows Council to delegate the management of its investment portfolio.

In 1997, Council took the decision to invest £10m with discretionary fund managers, with a view to improving the medium- and long-term returns obtained without exposing the group to undue risk. The portfolio is managed by Investec Wealth and Investment Limited (formerly Rensburg Sheppards Investment Management Limited).

In February 2004, Council established an Investment Committee with responsibility for setting investment policy and monitoring the performance of the investment managers. This Committee has established a mandate for the current investment managers, giving broad allocation of investment products

within which they have discretion to act, and setting performance criteria against which their performance is being measured. The Investment Committee is made up of four members, of whom three are Council members, and one external member, brought in for his investment expertise. The Investment Committee met twice during the year, primarily to receive a presentation by the investment managers addressing fund performance during the previous quarter, and reported to Council on each occasion.

Between 30 June 2010 and 30 June 2011 the value of the fund increased by 15% to £26.1m, which was broadly in line with the benchmark index for the period.

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

## RESERVES POLICY

CA's reserves policy is designed to incorporate best practice for charities, and to balance the needs of current and future beneficiaries. The policy is that our reserves should provide sufficient cover to enable CA to continue its operations if a major adverse financial event occurs, and to take account of any strategic opportunities.

Council estimates this requires CA to have £18.0m of free reserves, (before pensions assets or liabilities), some 13 weeks of the charity's expenditure. Of the total group funds of £44.2m at 30 June 2011, £15.0m is represented by fixed assets required for our operations and £3.0m is required to fund working capital. This leaves £26.2m of free reserves which is above the free reserves target established by Council. It is intended to continue investing some of the excess free reserves in the year to 30 June 2012 in further developing our product portfolio that can benefit our customers in years to come.

CA's principal trading subsidiary, Which? Limited, showed net assets at 30 June 2011 of £3.9m.

## PRINCIPAL RISKS & UNCERTAINTIES

As the group generates the majority of its income from subscriptions, it is vulnerable to a downturn in the economy, reducing acquisition and retention rates. We mitigate against this by ensuring that our products add more value to consumers than they cost.

Our brand is essential to our success and reputational risk is a significant concern. We have tried and tested review processes to minimise our exposure and adopt a robust legal approach to protect our brand where necessary.

## COUNCIL OF TRUSTEES' REPORT (CONT)...

**GOING CONCERN**

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 financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements (page 12).

**COUNCIL RESPONSIBILITIES STATEMENT**

Council is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires Council to prepare financial statements for each financial year. Under that law the Council has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, Council must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of CA and the group and of the surplus or deficit of the group for that period. In preparing these financial statements, Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Council is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of 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 the company's website. Legislation in the United

Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**PAYMENTS TO MEMBERS OF COUNCIL**

Members of Council do not receive any payment for their services, as required by the Memorandum of Association. They are reimbursed for travel and accommodation expenses incurred when attending Council meetings and other official events. Claims were made by 10 of 18 (2009/10: 11 of 20) members during the year, totalling £8,600 (2009/10: £17,000). Insurance purchased by CA during the year to protect Council members against liabilities arising from their office cost £3,339 (2009/10: £1,575).

**REMUNERATION**

Council appoints from its members a Terms of Service Committee which sets the remuneration for the Chief Executive and advises him in setting the remuneration of the other executive directors. Remuneration for these roles reflects the performance of the individual, and information on pay levels for comparable similar roles in the commercial, charity and regulatory sectors is prepared by an independent reward consultant. Remuneration for other roles in the organisation is set with reference to performance and salary ranges benchmarked against other comparable roles.

**EMPLOYEE RELATIONS**

CA treats everyone equally, giving full and fair consideration to all employees and applicants with suitable aptitudes and abilities.

It is group policy that the recruitment, appointment, training and career development of disabled persons should as far as possible reflect that of other employees.

CA recognises a Staff Association and Joint Union for the purposes of collective bargaining and consultation. Staff representatives may attend Council meetings and also work with management to develop employment policies and practices to enhance employee engagement and drive organisational improvements.

We are committed to communicating effectively with our people, as we recognise that they are the key to our success. We

keep our people informed and engaged through regular communications, helping them to understand what they need to do to help us to succeed.

**BANKERS AND PROFESSIONAL ADVISERS****CA's principal bankers are:**

Barclays Bank plc, The Lea Valley Group, 78 Turners Hill, Cheshunt, Herts EN8 9BW.

**CA's independent auditor and tax advisers are:**

Deloitte LLP, 2 New Street Square, London EC4A 3BZ

**CA's investment managers are:**

Investec Wealth and Management Limited, 2 Gresham Street, London EC2V 7QP.

In addition to our own legal affairs department, CA uses a number of leading firms of solicitors for specialist legal advice.

**OTHER INFORMATION**

The following information is contained elsewhere in the annual report:

Members of Council	Page 23
Net movement in funds	Page 8
Significant relationships, including political and charitable donations	Page 18
Financial overview	Pages 2-3

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

**1** so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and **2** the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Council of Trustees and signed on its behalf by:

*Patrick Barwise*

**Patrick Barwise**

*Council Chairman, 4 October 2011  
2 Marylebone Road, London NW1 4DF*

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF CONSUMERS' ASSOCIATION

We have audited the financial statements of Consumers' Association for the year ended 30 June 2011 which comprise the group statement of financial activities, the group and company balance sheets, the group cash flow statement and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR**

As explained more fully in the Council Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on

Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the group and the parent charitable company's affairs as at 30 June 2011 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

*M. Lee-Amies*

**Mark Lee-Amies**  
**FCA (Senior statutory auditor)**  
*for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory  
Auditor, London, United Kingdom*

# CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 30 JUNE 2011

Incorporating a consolidated income and expenditure account

	Notes	The Charity – Consumers’ Association £’000	Subsidiaries £’000	Transactions between the Companies £’000	Group Total 2010/11 £’000	Group Total 2009/10 £’000
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Activities for generating funds		-	74,625	-	74,625	69,888
Investment income		775	61	-	836	697
Other incoming resources		13	19	-	32	152
Incoming resources from charitable activities:						
Research income		10,096	-	(10,017)	79	133
<b>Total incoming resources</b>		<b>10,884</b>	<b>74,705</b>	<b>(10,017)</b>	<b>75,572</b>	<b>70,870</b>
<b>RESOURCES EXPENDED</b>						
Cost of generating funds:						
Fundraising trading	2	-	(62,703)	10,017	(52,686)	(50,264)
Interest payable and similar charges	2,6	(24)	-	-	(24)	(31)
Investment management costs	2	(56)	-	-	(56)	(60)
		(80)	(62,703)	10,017	(52,766)	(50,355)
Charitable activities:						
Consumer research	2	(13,420)	-	-	(13,420)	(13,167)
Promoting consumer interests	2	(5,595)	-	-	(5,595)	(4,318)
Governance costs	2	(343)	-	-	(343)	(328)
		(19,358)	-	-	(19,358)	(17,813)
<b>Total resources expended</b>	<b>2</b>	<b>(19,438)</b>	<b>(62,703)</b>	<b>10,017</b>	<b>(72,124)</b>	<b>(68,168)</b>
Net trading income transferred to CA available for charitable activities		16,171	(16,171)	-	-	-
<b>Net incoming resources before other recognised gains and losses</b>		<b>7,617</b>	<b>(4,169)</b>	<b>-</b>	<b>3,448</b>	<b>2,702</b>
<b>OTHER RECOGNISED GAINS AND LOSSES</b>						
Net gains on investment assets	10				2,797	2,789
Currency translation difference on foreign currency net investments					(11)	-
Actuarial gains/(losses) on defined benefit pension schemes	19				3,500	(6,200)
<b>Net movement in funds</b>	<b>5</b>				<b>9,734</b>	<b>(709)</b>
Reconciliation of funds						
Total funds brought forward at 1 July					34,503	35,212
<b>TOTAL FUNDS CARRIED FORWARD AT 30 JUNE</b>					<b>44,237</b>	<b>34,503</b>

The figures above relate entirely to continuing operations. Note: All funds of the charity are unrestricted.

# BALANCE SHEETS

AS AT 30 JUNE 2011

	Notes	Group		Consumers’ Association	
		2011 £’000	2010 £’000	2011 £’000	2010 £’000
<b>FIXED ASSETS</b>					
Tangible assets	9	15,028	13,829	13,044	13,396
Investments	10	26,079	22,607	26,079	22,607
Investments in subsidiaries and associated undertakings	11	61	34	10,052	10,025
		<b>41,168</b>	<b>36,470</b>	<b>49,175</b>	<b>46,028</b>
<b>CURRENT ASSETS</b>					
Stocks	13	234	307	-	-
Debtors	14	8,570	7,858	11,756	5,084
Short term deposits		2,506	-	-	-
Cash at bank and in hand		5,331	8,113	356	517
		<b>16,641</b>	<b>16,278</b>	<b>12,112</b>	<b>5,601</b>
<b>CREDITORS: Amounts falling due within one year</b>	<b>15</b>	<b>(11,466)</b>	<b>(12,035)</b>	<b>(3,701)</b>	<b>(3,853)</b>
<b>Net current assets</b>		<b>5,175</b>	<b>4,243</b>	<b>8,411</b>	<b>1,748</b>
<b>Total assets less current liabilities</b>		<b>46,343</b>	<b>40,713</b>	<b>57,586</b>	<b>47,776</b>
<b>CREDITORS: Amounts falling due after more than one year</b>	<b>16</b>	<b>(806)</b>	<b>(1,210)</b>	<b>(806)</b>	<b>(1,210)</b>
Defined benefit pension scheme liability	19	(1,300)	(5,000)	(1,300)	(5,000)
<b>NET ASSETS</b>		<b>44,237</b>	<b>34,503</b>	<b>55,480</b>	<b>41,566</b>
Unrestricted charity funds	18	55,944	48,308	55,944	48,308
Revaluation reserve—unrealised investment gains/(losses)	18	2,225	(542)	2,236	(542)
Accumulated deficit of trading subsidiaries	18	(11,232)	(7,063)	-	-
Pension reserves	18	(2,700)	(6,200)	(2,700)	(6,200)
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>18</b>	<b>44,237</b>	<b>34,503</b>	<b>55,480</b>	<b>41,566</b>

The financial statements of Consumers’ Association (registered number 580128, charity number 296072) were approved by the Council of Trustees and authorised for issue on 4 October 2011. They were signed on its behalf by:

*Patrick Barwise*

**Patrick Barwise**  
Council Chairman

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

	2010/11		2009/10		
	£'000	£'000	£'000	£'000	
<b>RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES</b>					
Net incoming resources from continuing activities		3,448		2,702	
Fixed asset depreciation charges	827		798		
Fixed asset impairment charges	547		359		
(Gain)/loss on disposal of fixed assets	(7)		259		
Decrease/(increase) in stocks	73		(116)		
Increase in debtors	(712)		(843)		
(Decrease)/increase in creditors	(569)		468		
Adjustment for pension funding	(200)		(1,200)		
Currency translation difference	(11)		-		
Interest received	(61)		(68)		
Interest paid and similar charges	24		31		
Income from fixed asset investments	(675)		(629)		
		(764)		(941)	
<b>Net cash inflow from continuing operating activities</b>		<b>2,684</b>		<b>1,761</b>	
<b>CONSOLIDATED CASH FLOW STATEMENT</b>					
Net cash inflow from operating activities		2,684		1,761	
Returns on investments and servicing of finance					
Interest received	61		68		
Interest paid and similar charges	(24)		(31)		
Income from fixed asset investments	675		629		
		712		666	
Capital expenditure and financial investment					
Purchase of tangible fixed assets	(2,578)		(639)		
Sale of tangible fixed assets	12		4		
Purchase of fixed asset investments	(2,617)		(20,744)		
Sale of fixed asset investments	1,484		19,853		
Decrease in deposits awaiting investment	458		264		
Increase in investments in associated companies	(27)		(9)		
Increase in short term deposits	(2,506)		-		
		(5,774)		(1,271)	
Cash (outflow)/inflow before use of liquid resources and financing		(2,378)		1,156	
<b>FINANCING</b>					
Loan repayment		(404)		(404)	
(Decrease)/increase in cash		(2,782)		752	
<b>ANALYSIS OF CHANGES IN NET FUNDS</b>					
	Change in year 2010/11		Change in year 2009/10		
	2011	Cash Flows	2010	Cash Flows	2009
	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	5,331	(2,782)	8,113	752	7,361
Loan due within 1 year (see note 15)	(405)	-	(405)	-	(405)
Loan due after 1 year (see note 16)	(806)	404	(1,210)	404	(1,614)
<b>TOTAL</b>	<b>4,120</b>	<b>(2,378)</b>	<b>6,498</b>	<b>1,156</b>	<b>5,342</b>

# NOTES TO THE ACCOUNTS

## 1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. 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 March 2005 (SORP 2005), together with the reporting requirements of the Companies Act 2006 and the Charities Acts 1993 and 2006. A summary of the principal accounting policies, which have been applied consistently in the current and prior years, is set out below.

### BASIS OF ACCOUNTING

The accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed asset investments.

### BASIS OF CONSOLIDATION

The group accounts consolidate the accounts of all group companies for the year to 30 June 2011, 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.

### INCOMING RESOURCES

Incoming resources represent 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 company's incoming resources originate in the United Kingdom and are from the same class of business.

All incoming resources, including research income, are recognised on the accruals basis of accounting. Deferred incoming resources are accounted for using the accruals basis. Revenues are recognised for subscriptions on periodic dispatch of subscribed products or rateably over the period of the

subscription where performance is not measurable by dispatch.

### RESOURCES EXPENDED

All expenditure on research, other than that relating to books, is recognised in the year in which it is incurred. The cost of research on books is included within stocks, as finished goods for completed books not yet sold, and as work-in-progress, for those books which have not yet been completed. Wherever possible, expenditure by the charity is attributed specifically to the purpose for which it is incurred. Costs of generating funds, charitable activities and governance costs 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 are allocated across the categories of charitable expenditure, governance costs and the costs of generating funds, to ensure the indirect costs of products are recovered. The basis for the allocation of shared support costs are as follows:

- **Management, Finance & Legal, Human resources and Direct support costs** - number of staff;
- **Information technology** - number of staff and number of research and publishing staff.

### TANGIBLE FIXED ASSETS

All tangible fixed assets are held at cost less accumulated depreciation and any provision for impairment. Depreciation is calculated on fixed assets in order to write off their cost less residual value in equal instalments over their estimated useful lives. Assets are deemed to be capital if the costs exceed £10,000 and are assumed to have a residual value of nil. An impairment review is conducted on an annual basis. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.

Website design and content development costs are capitalised only to the extent that they lead to the creation of an enduring asset delivering benefits at least as great as the amount capitalised. If there is insufficient evidence on which to base reasonable estimates of the economic benefits that will be generated in the period until the design and content are next updated, the costs of developing the design and content are charged to the SOFA as incurred.

Asset lives are estimated as follows:

- **Freehold land:** not depreciated
- **Freehold buildings:** 50 years
- **Refurbishment of freehold buildings:** 25 years

- **Long-term leasehold premises (2 Marylebone Road):** 125 years
- **Computer hardware and software:** 2-5 years
- **Motor vehicles:** 2-4 years
- **Website development costs:** 3 years
- **All other assets:** 2-10 years

### INVESTMENTS

Investments held as fixed assets are revalued to market value as at the balance sheet date.

Any surplus arising on revaluation is taken to the revaluation reserve. Any temporary deficits arising on revaluation are also transferred to the revaluation reserve. The SOFA includes realised and unrealised gains and losses arising from the revaluation of the investment portfolio in the year.

Investments in subsidiary companies are valued at cost. Where 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.

### STOCKS

Stocks are valued at the lower of cost and net realisable value after deduction of all relevant selling and other expenses.

### WORK-IN-PROGRESS

Work-in-progress is valued at cost, and comprises the cost of research, direct salaries and appropriate related production overheads.

### 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 defined benefit and defined contribution schemes, providing benefit 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 resources expended 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. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the 'Other recognised gains and losses'.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate funds administered by Pension Trustees. 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 of 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 at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets 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.

### OPERATING LEASES

The cost of operating leases is charged to the SOFA in equal instalments over the period of the lease.

### FOREIGN EXCHANGE

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 dealt with 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 section 505 (1) of the Income and Corporation Taxes Act 1988. No current tax liability arose in respect of the trading subsidiary because the company makes a Gift Aid payment in excess of its taxable profit to the charity.

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 in the form of a portfolio managed by Investec Wealth and Investment Limited. 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, with the only commercial mortgage being in respect to the group's offices in Marylebone Road. Management does not expect that it will be necessary to rely on external sources of debt finance in the foreseeable future.

After making enquiries, Council have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

## 2 Total resources expended

	Direct costs £'000	Support costs* £'000	Total 2010/11 £'000	Total 2009/10 £'000
<b>COST OF GENERATING FUNDS:</b>				
Cost of sales	(35,231)	-	(35,231)	(34,316)
Distribution costs	(6,191)	-	(6,191)	(6,022)
Other trading expenditure	(4,205)	(7,059)	(11,264)	(9,926)
Fundraising trading	(45,627)	(7,059)	(52,686)	(50,264)
Interest payable and similar charges	(24)	-	(24)	(31)
Investment management costs	-	(56)	(56)	(60)
	(45,651)	(7,115)	(52,766)	(50,355)
<b>CHARITABLE ACTIVITIES:</b>				
Consumer research	(9,573)	(3,847)	(13,420)	(13,167)
Promoting consumer interests	(4,467)	(1,128)	(5,595)	(4,318)
	(14,040)	(4,975)	(19,015)	(17,485)
<b>GOVERNANCE COSTS</b>				
	-	(343)	(343)	(328)
<b>TOTAL RESOURCES EXPENDED</b>	<b>(59,691)</b>	<b>(12,433)</b>	<b>(72,124)</b>	<b>(68,168)</b>
<b>GOVERNANCE COSTS INCLUDE THE FOLLOWING:</b>			<b>2010/11</b>	<b>2009/10</b>
			£'000	£'000
External audits			(65)	(59)
Trustees' expenses			(9)	(17)
Trustees' indemnity insurance			(3)	(2)

\*See note 3 for breakdown of support costs by activity.

## 3 Support costs

	Management £'000	Finance & Legal £'000	Information technology £'000	Human resources £'000	Direct support costs £'000	Total 2010/11 £'000	Total 2009/10 £'000
<b>COST OF GENERATING FUNDS:</b>							
Other trading expenditure	-	(987)	(2,050)	(2,400)	(1,622)	(7,059)	(7,288)
Investment management costs	-	-	-	-	(56)	(56)	(60)
	-	(987)	(2,050)	(2,400)	(1,678)	(7,115)	(7,348)
<b>CHARITABLE ACTIVITIES:</b>							
Consumer research	(573)	(524)	(868)	(1,021)	(861)	(3,847)	(4,097)
Promoting consumer interests	(168)	(154)	(254)	(299)	(253)	(1,128)	(1,352)
	(741)	(678)	(1,122)	(1,320)	(1,114)	(4,975)	(5,449)
<b>GOVERNANCE COSTS</b>							
	(228)	(99)	-	-	(16)	(343)	(328)
<b>TOTAL RESOURCES EXPENDED</b>	<b>(969)</b>	<b>(1,764)</b>	<b>(3,172)</b>	<b>(3,720)</b>	<b>(2,808)</b>	<b>(12,433)</b>	<b>(13,125)</b>

## 4 Results from trading activities of subsidiaries

	Which? Limited 2010/11 £'000	BGG Information Private Limited 2010/11 £'000	PP Mobile Switching Limited 2010/11 £'000	Peto Place Investments Limited 2010/11 £'000	Other Subsidiaries 2010/11 £'000
<b>PROFIT AND LOSS ACCOUNT</b>					
Turnover	74,478	20	116	-	11
Cost of sales	(42,164)	(1,275)	(1,470)	-	(339)
<b>Gross profit/(loss)</b>	<b>32,314</b>	<b>(1,255)</b>	<b>(1,354)</b>	<b>-</b>	<b>(328)</b>
Distribution costs	(6,191)	-	-	-	-
Impairment of fixed asset investments	(1,700)	-	-	(1,700)	-
Administrative expenses	(9,489)	(943)	(83)	(180)	(569)
Other operating income	19	-	-	-	-
Operating profit/(loss)	14,953	(2,198)	(1,437)	(1,880)	(897)
Interest receivable and similar income	61	-	-	-	-
Net movement for the year	15,014	(2,198)	(1,437)	(1,880)	(897)
Gift aid to Consumers' Association	(16,171)	-	-	-	-
Retained loss for the year	(1,157)	(2,198)	(1,437)	(1,880)	(897)
Loss brought forward	(4,930)	(2,048)	-	(57)	(28)
<b>Loss carried forward</b>	<b>(6,087)</b>	<b>(4,246)</b>	<b>(1,437)</b>	<b>(1,937)</b>	<b>(925)</b>
<b>BALANCE SHEET</b>					
<b>Total assets</b>	<b>21,700</b>	<b>184</b>	<b>940</b>	<b>6,389</b>	<b>5,451</b>
<b>Total liabilities</b>	<b>(17,787)</b>	<b>(382)</b>	<b>(677)</b>	<b>(1,326)</b>	<b>(756)</b>

Which? Limited provides education, information and advice to the benefit of consumers through the Which? subscription and other media. BGG Information Private Limited (an Indian company) publishes the magazine Right Choice within India, while PP Mobile Switching Limited offers a mobile phone tariff switching service and Peto Place Investments Limited is a holding company. Subsidiaries other than these have not been disclosed separately as their transactions are not material. The impairments of fixed assets investments above are both in connection with the write down of investment in PP Mobile Switching Limited. These are inter company transactions and therefore there is no impact on the group numbers.

## 5 Net movement in funds

	2010/11 £'000	2009/10 £'000
<b>NET MOVEMENT OF FUNDS IS STATED AFTER CHARGING:</b>		
Depreciation of tangible fixed assets	827	798
Impairment of tangible fixed assets	547	359
(Gain)/loss on disposal of fixed assets	(7)	259
Loss/(gain) on foreign exchange	8	(2)
Expenses of the Council of Trustees (detailed in the Council of Trustees Report)*	9	17
Cost of liability insurance for Council of Trustees	3	2
Payment under operating leases charged to the SOFA:		
property rentals	231	161
other	38	135
The analysis of auditor's remuneration for the audit of the Company's annual accounts		
Fees payable to the Company's auditor for the audit of the Company's annual accounts		
The audit of CA	28	28
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	50	39
<b>Total audit fees</b>	<b>78</b>	<b>67</b>
Tax services	30	8
Corporate finance services	28	35
Other services	-	20
<b>Total non-audit fees</b>	<b>58</b>	<b>63</b>

\*Members of Council do not receive any payment for their services, as required by the Memorandum of Association.

## 6 Interest payable and other similar charges

	2010/11 £'000	2009/10 £'000
Interest on mortgage – repayable in instalments over less than five years	24	31
<b>Total interest payable and other similar charges</b>	<b>24</b>	<b>31</b>

## 7 Employees

	2010/11 Number of employees	2009/10 Number of employees
<b>THE AVERAGE MONTHLY NUMBER OF EMPLOYEES OF THE GROUP DURING THE YEAR WAS:</b>		
Consumer research	93	109
Promoting consumer interests	62	54
Support activities	84	80
Trading activities	241	208
<b>Total</b>	<b>480</b>	<b>451</b>

### THE NUMBERS OF EMPLOYEES OF THE GROUP WHO RECEIVED EMOLUMENTS IN EXCESS OF £60,000 IN THE YEAR ENDED 30 JUNE 2011 WERE:

£60,001 - £70,000	14	10
£70,001 - £80,000	3	1
£80,001 - £90,000	3	8
£90,001 - £100,000	6	2
£100,001 - £110,000	1	1
£110,001 - £120,000	2	1
£130,001 - £140,000	2	1
£140,001 - £150,000	1	2
£150,001 - £160,000	-	1
£160,001 - £170,000	2	1
£170,001 - £180,000	1	-
£250,001 - £260,000	-	2
£260,001 - £270,000	1	-
£300,001 - £310,000	1	-

	2010/11 £'000	2009/10 £'000
Contributions in the year for the money purchase element of the pension scheme for the above higher paid employees were:	245	205

	2010/11 Number of employees	2009/10 Number of employees
Of the above higher paid employees, the following number of staff have retirement benefits accruing under the company pension scheme (see note 19):	35	29

The remuneration of the highest paid employee, (director of a group company) was £327,000 (2009/10: £279,317). This comprised emoluments of £305,000 (2009/10: £259,517) and company contributions to money purchase pension scheme of £22,000 (2009/10: £19,800)

	2010/11 £'000	2009/10 £'000
<b>EMPLOYEE COSTS DURING THE YEAR AMOUNTED TO:</b>		
Salaries and wages	17,624	16,418
Social security	1,942	1,819
Pension costs	1,600	1,461
Benefits in kind	252	215
<b>Total</b>	<b>21,418</b>	<b>19,913</b>



## 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 section 505 (1) of the Income and Corporation Taxes Act 1988. No taxation, either current or deferred, arose in respect of any subsidiary company of the Association.

## 9 Tangible assets

	Freehold land & buildings £'000	Long-term leasehold premises £'000	Fixtures fittings & equipment £'000	Motor vehicles £'000	Total £'000
<b>TANGIBLE FIXED ASSETS OF THE GROUP</b>					
Cost or valuation					
At 1 July 2010	4,538	13,900	4,403	131	22,972
Additions	-	-	2,530	48	2,578
Disposals	(147)	-	(258)	(82)	(487)
<b>At 30 June 2011</b>	<b>4,391</b>	<b>13,900</b>	<b>6,675</b>	<b>97</b>	<b>25,063</b>
Depreciation					
At 1 July 2010	1,557	4,340	3,152	94	9,143
Depreciation charged	73	98	624	32	827
Impairment	-	-	547	-	547
Disposals	(147)	-	(256)	(79)	(482)
<b>At 30 June 2011</b>	<b>1,483</b>	<b>4,438</b>	<b>4,067</b>	<b>47</b>	<b>10,035</b>
Net book value					
At 30 June 2010	2,981	9,560	1,251	37	13,829
<b>At 30 June 2011</b>	<b>2,908</b>	<b>9,462</b>	<b>2,608</b>	<b>50</b>	<b>15,028</b>
<b>TANGIBLE FIXED ASSETS OF CONSUMERS' ASSOCIATION</b>					
Cost or valuation					
At 1 July 2010	4,538	13,900	1,756	67	20,261
Additions	-	-	125	17	142
Disposals	(147)	-	(23)	(19)	(189)
<b>At 30 June 2011</b>	<b>4,391</b>	<b>13,900</b>	<b>1,858</b>	<b>65</b>	<b>20,214</b>
Depreciation					
At 1 July 2010	1,557	4,340	938	30	6,865
Depreciation charged	73	98	293	26	490
Disposals	(147)	-	(23)	(15)	(185)
<b>At 30 June 2011</b>	<b>1,483</b>	<b>4,438</b>	<b>1,208</b>	<b>41</b>	<b>7,170</b>
Net book value					
At 30 June 2010	2,981	9,560	818	37	13,396
<b>At 30 June 2011</b>	<b>2,908</b>	<b>9,462</b>	<b>650</b>	<b>24</b>	<b>13,044</b>

'Fixtures, fittings & equipment' includes computer hardware and software and website development costs.

'Freehold land & buildings' include land with a cost of £1,550,000 (2010: £1,550,000) which is not depreciated.

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 subsidiary. An appropriate proportion of the operating costs 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.

'Freehold land & buildings' represents Consumers' Association's properties at Gascoyne Way, Hertford.

'Long-term leasehold premises' represents Consumers' Association's property at Marylebone Road, London.

## 10 Fixed asset investments of the group and Consumers' Association

	Deposits awaiting investment £'000	Market value of authorised UK unit trusts £'000	Total £'000
Balance at 1 July 2010	936	21,671	22,607
Income from investments	675	-	675
Purchases during the year	(2,617)	2,617	-
Sales during the year	1,484	(1,484)	-
Unrealised gains on investments	-	2,778	2,778
Realised gains on investments	-	19	19
<b>Balance at 30 June 2011</b>	<b>478</b>	<b>25,601</b>	<b>26,079</b>
<b>HISTORICAL COST</b>			
At 30 June 2010		23,305	
At 30 June 2011		23,991	

Fixed asset investments consist of direct holdings in fixed interest bonds and loans, UK and international equities and cash. The portfolio is managed by Investec Weath and Investment Limited (previously Rensburg Sheppards Investment Management Limited).

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

Ishares MSCI World	52.1%
Ishares Markit Iboxx GBP	18.5%
Ishares MSCI Emerging Markets Shares	7.6%

## 11 Investments in subsidiary and associated undertakings

<b>SUBSIDIARY UNDERTAKINGS</b>	Holding	Proportion owned	Principal activity
<b>Direct holdings of the Company:</b>			
Which? Limited	Ordinary Shares	100%	Publishing
The Good Food Club Limited	Ordinary Shares	100%	Dormant
<b>Indirect holdings of the Company:</b>			
Peto Place Investments Limited	Ordinary Shares	100%	Holding company
Yellowfin Holdings Limited (Mauritius)	Ordinary Shares	100%	Holding company
BGG Information Private Limited (India)	Ordinary Shares	100%	Publishing
PP Financial Services Limited	Ordinary Shares	100%	Mortgage broking
PP Mobile Switching Limited	Ordinary Shares	100%	Mobile phone tariff switching
PP Publishing Limited	Ordinary Shares	100%	Publishing
PP Home Moving Services Limited	Ordinary Shares	100%	Not yet trading
<b>OTHER INVESTMENTS</b>			
<b>Direct holdings of the Company:</b>			
International Consumer Research and Testing Limited	'A' Ordinary Shares	17%	Consumer research on international basis
<b>Indirect holdings of the Company:</b>			
International Consumer Research and Testing Limited	'B' Ordinary Shares	7%	Consumer research on international basis
	<b>Group</b>	<b>Consumers' Association</b>	
	£'000	£'000	
<b>SHARES IN SUBSIDIARY AND ASSOCIATED COMPANIES</b>			
<b>Cost</b>			
At 1 July 2010	34	10,025	
Additions	27	27	
At 30 June 2011	61	10,052	
<b>Net book value</b>	<b>61</b>	<b>10,052</b>	

During the year the par value of the International Consumer Research and Testing Limited shares increased, requiring an additional investment of £27,000. The number, type and share proportion owned were not affected.

Council considers that the value in use of Which? Limited is not less than the carrying value.

## 12 Relationships

### POLITICAL AND CHARITABLE CONTRIBUTIONS AND RELATED PARTY TRANSACTIONS

No political donations were made during the year (2009/10: £nil). Total charitable donations were £91,700 (2009/10: £98,503).

### RESEARCH INSTITUTE FOR CONSUMER AFFAIRS (RICA)

The group made a donation of £75,000 during the year to the registered charity, Research Institute for Consumers Affairs (2009/10: £75,000) as a general grant to cover operating expenses.

Although RICA is an independent charity, it shared a common trustee with Consumers' Association until February 2011 and a further common trustee from that date. In addition, the level of funds it received from the group represented a material proportion of its own income.

### INTERNATIONAL CONSUMER RESEARCH AND TESTING LTD (ICRT)

During the year, Consumers' Association paid £101,169 (2009/10: £88,573) membership fees to ICRT. In addition, a further £530,047 (2009/10: £521,473) was paid in respect of commission for work secured through the offices of ICRT. BGGI Information Private Limited also paid

£10,030 (2009/10: £9,822) membership fees to ICRT. ICRT has one director in common with Which? Limited.

The amount payable to ICRT at 30 June 2011 was £140,843 (30 June 2010: £210,847).

During the year, the group paid some of ICRT's operational costs for which it is fully reimbursed.

### 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 senior CA manager serves on the governing council of CI.

During the year Consumers' Association paid £225,800 (2009/10: £268,320) in membership fees. It also provided various support services without charge. In addition, Consumers' Association paid some of CI's operational costs for which it is fully reimbursed.

### 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 £295,904 (2009/10: £325,038) in membership fees. No balance was outstanding at either year end.

### COUNCIL MEMBERS

The Chairman of Council, Patrick Barwise is a shareholder (1.6%) in a supplier to the group (Verve Partners Limited). During the year Consumers' Association paid £508,536 (2009/10: £287,830) to manage our consumer panel and provide ad-hoc research on an arms-length basis.

The amount payable to Verve Partners Limited at 30 June 2011 was £71,805 (30 June 2010: £7,000). There were no material transactions with Council members, their close families or parties with whom Council members are related, other than those disclosed above.

Council members do not receive any payment for their services (2009/10: £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).

## 13 Stocks

	Group		Consumers' Association	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Work-in-progress	168	237	-	-
Finished goods	66	70	-	-
<b>Total stocks</b>	<b>234</b>	<b>307</b>	<b>-</b>	<b>-</b>

## 14 Debtors

	Group		Consumers' Association	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Trade debtors	427	337	13	16
Amount due from group undertakings	-	-	9,998	2,661
Other debtors	1,556	1,395	708	1,362
Prepayments and accrued income	1,650	1,637	1,037	1,045
Subscriptions due	4,937	4,489	-	-
<b>Total debtors</b>	<b>8,570</b>	<b>7,858</b>	<b>11,756</b>	<b>5,084</b>

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

## 15 Creditors: Amounts falling due within one year

	Group		Consumers' Association	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Trade creditors	4,638	4,810	2,064	1,846
Taxation and social security	950	739	624	424
Other creditors	163	124	11	8
Accruals and deferred income	2,104	2,652	597	1,170
Subscriptions received in advance	3,206	3,305	-	-
Mortgage: 2 Marylebone Road (see note 16)	405	405	405	405
<b>Total creditors (less than one year)</b>	<b>11,466</b>	<b>12,035</b>	<b>3,701</b>	<b>3,853</b>

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

	Group		Consumers' Association	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Mortgage: 2 Marylebone Road	806	1,210	806	1,210
<b>Total creditors (over one year)</b>	<b>806</b>	<b>1,210</b>	<b>806</b>	<b>1,210</b>
The mortgage on 2 Marylebone Road is for a term of 25 years and is repayable in 23 annual instalments which commenced on 6 March 1992; it has been secured by a first charge over the leasehold property at 2 Marylebone Road. The rate of interest payable on the mortgage is based on the London Interbank Offer Rate plus 0.75% associated costs.				
The outstanding loan at 30 June 2011 represented 13% of the net book value of the leasehold property (see note 9).				
<b>Analysis of payments due on creditors over one year:</b>				
Amounts repayable between one and two years	405	405	405	405
Amounts repayable between two and five years	401	805	401	805
<b>Mortgage repayable after more than one year</b>	<b>806</b>	<b>1,210</b>	<b>806</b>	<b>1,210</b>

## 17 Financial commitments

	Land & buildings		Other	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
<b>AT 30 JUNE 2011 THE GROUP HAD ANNUAL COMMITMENTS UNDER NON-CANCELLABLE OPERATING LEASES AS FOLLOWS:</b>				
<b>Group</b>				
Expiring within one year	60	38	-	-
Expiring between two and five years	49	-	6	-
Expiring after five years	145	145	-	-
<b>Total lease payments</b>	<b>254</b>	<b>183</b>	<b>6</b>	<b>-</b>
<b>Consumers' Association</b>				
Expiring within one year	60	38	-	-
Expiring between two and five years	-	-	6	-
Expiring after five years	145	145	-	-
<b>Total lease payments</b>	<b>205</b>	<b>183</b>	<b>6</b>	<b>-</b>

## 18 Movement of funds during the year

	Unrestricted charity funds £'000	Revaluation reserve £'000	Accumulated deficit of trading subsidiaries £'000	Pension reserve £'000	Group funds £'000
Balance at 1 July 2010	48,308	(542)	(7,063)	(6,200)	34,503
Net outgoing resources before gift aid payment	(8,554)	-	-	-	(8,554)
Revaluation of investment assets (note 10)	-	2,778	-	-	2,778
Realised gains on investments	19	-	-	-	19
Revaluation of monetary assets and liabilities	-	(11)	-	-	(11)
Trading profit before gift aid	-	-	12,002	-	12,002
Gift aid payments from subsidiaries to charity	16,171	-	(16,171)	-	-
Actuarial gains on defined benefit pension schemes	-	-	-	3,500	3,500
<b>Balance at 30 June 2011</b>	<b>55,944</b>	<b>2,225</b>	<b>(11,232)</b>	<b>(2,700)</b>	<b>44,237</b>

## 19 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 17 disclosures

has been based on the most recent actuarial valuation as at 31 March 2011 and updated by an independent qualified actuary employed by Punter Southall & Co to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 30 June 2011.

The calculations have been based on membership data as at 31 March 2011. Scheme assets are stated at their market value at 30 June 2011, 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 FRS17 the pension scheme deficit is recognised in full on the balance sheet.

The hybrid section was closed to new entrants from 1 April 2004. Contributions to the hybrid section for the year beginning 1 July 2011 are expected to be £2.0m.

## 19 Pensions continued...

	2011	2010		
<b>ASSUMPTIONS</b>				
<b>THE MAJOR ASSUMPTIONS USED BY THE ACTUARY TO CALCULATE THE SCHEME UNDER FRS 17 WERE (IN NOMINAL TERMS):</b>				
Rate of increase in pensionable salaries	4.6%	4.4%		
Rate of increase in pensions in payment - RPI linked	3.6%	3.4%		
Rate of increase in pensions in payment - Fixed 5%	5.0%	5.0%		
Discount rate	5.4%	5.4%		
Inflation assumption (RPI)	3.6%	3.4%		
Inflation assumption (CPI)	2.8%	N/a		
Return on money purchase fund	7.0%	7.0%		
<b>ASSUMED LIFE EXPECTANCIES ON RETIREMENT AT AGE 65 ARE:</b>				
Retiring today	Males 21.6	21.5		
	Females 24.2	24.1		
Retiring in 20 years' time	Males 23.6	23.5		
	Females 26.1	26.0		
<b>ACTUAL AND EXPECTED RATES OF RETURN THE ASSETS IN THE SCHEME AND THE EXPECTED RATES OF RETURN WERE:</b>				
	Long-term rate of return expected at 30 June 2011 p.a.	Value at 30 June 2011 £m	Long-term rate of return expected at 30 June 2010 p.a.	Value at 30 June 2010 £m
Equities	6.3%	24.0	6.2%	20.6
Bonds and cash	4.6%	30.3	4.5%	29.5
With-profits fund	7.0%	27.0	7.0%	23.9
<b>Fair value of scheme assets</b>		81.3		74.0
The scheme does not hold any ordinary shares issued or property occupied by Consumers' Association.				
The actual return on assets over the period was				
		8.6		8.0
<b>NET PENSION LIABILITY THE AMOUNTS RECOGNISED IN THE BALANCE SHEET ARE AS FOLLOWS:</b>			<b>2011</b>	<b>2010</b>
			£m	£m
Present value of scheme liabilities			(82.6)	(79.0)
Fair value of scheme assets			81.3	74.0
<b>Deficit</b>			<b>(1.3)</b>	<b>(5.0)</b>
<b>Net pension liability recognised before tax</b>			<b>(1.3)</b>	<b>(5.0)</b>
<b>ANALYSIS OF THE AMOUNT CHARGED TO NET INCOMING RESOURCES IN RESPECT OF THE HYBRID SECTION OF THE SCHEME</b>			<b>2010/11</b>	<b>2009/10</b>
			£m	£m
Current service cost			0.7	0.5
Service cost			-	-
<b>Total net incoming resources charge</b>			<b>0.7</b>	<b>0.5</b>

Employer contribution rate to the hybrid section from 30 June 2010 was 13% of pensionable salaries per annum. Standard employer contribution rate under FRS 17 as at 30 June 2010 was 15%.

## 19 Pensions continued...

	2010/11 £m	2009/10 £m			
<b>ANALYSIS OF THE AMOUNT CREDITED TO OTHER FINANCE INCOME</b>					
Expected return on pension scheme assets	4.3	4.0			
Interest on pension scheme liabilities	(4.2)	(4.0)			
<b>Net return</b>	<b>0.1</b>	<b>-</b>			
<b>RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE PRESENT VALUE OF THE SCHEME LIABILITIES</b>					
	<b>2011 £m</b>	<b>2010 £m</b>			
Liabilities at beginning of the year	79.0	65.4			
Current service cost	0.7	0.5			
Interest cost	4.2	4.0			
Contributions by scheme participants	0.2	0.2			
Actuarial loss	0.8	10.7			
Benefits paid	(2.3)	(1.8)			
<b>Liabilities at end of year</b>	<b>82.6</b>	<b>79.0</b>			
<b>RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF THE SCHEME ASSETS</b>					
	<b>2011 £m</b>	<b>2010 £m</b>			
Fair value of scheme assets at beginning of year	74.0	65.9			
Expected return on scheme assets	4.3	4.0			
Actuarial gain	4.3	4.0			
Contributions by employers	0.8	1.7			
Contributions by scheme participants	0.2	0.2			
Benefits paid	(2.3)	(1.8)			
<b>Fair value of scheme assets at end of year</b>	<b>81.3</b>	<b>74.0</b>			
<b>AMOUNT RECOGNISED IN OTHER RECOGNISED GAINS AND LOSSES</b>					
Actuarial gains/(losses)	3.5	(6.7)			
Reduction in amount of unrecognised surplus	-	0.5			
<b>Actuarial gains/(losses) recognised in other recognised gains and losses</b>	<b>3.5</b>	<b>(6.2)</b>			
<b>HISTORY OF SCHEME ASSETS, OBLIGATIONS AND EXPERIENCE ADJUSTMENTS</b>					
	<b>2011 £m</b>	<b>2010 £m</b>	<b>2009 £m</b>	<b>2008 £m</b>	<b>2007 £m</b>
Present value of scheme liabilities	82.6	79.0	65.4	66.6	69.1
Fair value of scheme assets (Deficit)/surplus in the scheme	(1.3)	(5.0)	0.5	3.6	1.1
Experience adjustments arising on scheme liabilities Experience item as a percentage of scheme liabilities	(1.1) (1.3%)	1.0 1.3%	4.9 7.5%	(1.1) (1.7%)	5.5 8.0%
Experience adjustments arising on scheme assets Experience item as a percentage of scheme assets	4.3 5.3%	4.0 5.4%	(7.7) (11.6%)	(3.1) (4.4%)	1.7 2.4%
Cumulative actuarial losses shown in the STRGL	(5.7)	(9.2)	(3.0)	(3.0)	(2.8)

# 2010/11

## COUNCIL, BOARD & COMMITTEE

### MEMBERSHIP AND ATTENDANCE

NAME	ATTENDANCE AT MEETINGS
<b>COUNCIL MEMBERS</b>	
<b>Number of meetings for the period: 4</b>	
<b>Patrick Barwise</b> (Chairman)	4 / 4
<b>Mark Addison</b>	4 / 4
<b>Anthony Burton</b> (Deputy Chairman) (until February 2011)	2 / 2
<b>Melanie Dawes</b> (from February 2011)	1 / 1
<b>Neville Duncan</b> (until July 2011)	3 / 4
<b>Margaret Ginman</b>	4 / 4
<b>Tanya Heasman</b> (Deputy Chairman)	3 / 4
<b>Sue Leggate</b>	2 / 4
<b>Natalie Macdonald</b>	3 / 4
<b>Jennifer Oscroft</b> (from February 2011)	2 / 2
<b>Roger Pittock</b>	4 / 4
<b>Paul Preston</b>	3 / 4
<b>Richard Thomas</b> (Deputy Chairman)	3 / 4
<b>Alison Thorne</b>	2 / 4
<b>Gary Waller</b> (until February 2011)	2 / 2
<b>Steve Woolgar</b>	3 / 4
<b>Brian Yates</b> (from February 2011)	1 / 2
<b>John Zealley</b>	4 / 4
<b>WHICH? LIMITED BOARD</b>	
<b>Number of meetings for the period: 5</b>	
<b>Mike Clasper</b> (Chairman)	5 / 5
<b>Claudia Arney</b> (from March 2011)	2 / 2
<b>Patrick Barwise</b>	5 / 5
<b>Jacques Cadranel</b> (Group Finance Director) (from October 2010)	4 / 4
<b>Neil Cameron</b>	2 / 5
<b>Chris Gardner</b> (Commercial Director)	5 / 5
<b>Tanya Heasman</b>	5 / 5
<b>Andrew Mullins</b> (from March 2011)	1 / 2
<b>Helen Parker</b> (Assistant Chief Executive) (from October 2010)	3 / 4
<b>Jonathan Thompson</b> (until August 2010)	0 / 0
<b>Peter Vicary-Smith</b> (Chief Executive)	5 / 5
<b>Kevin Wall</b>	5 / 5
<b>Gary Waller</b> (until February 2011)	3 / 3
<b>John Zealley</b> (from February 2011)	2 / 2

There was also a strategy awayday held in April 2011 for Council and Which? Limited Board members. Attendance at the strategy awayday is included in the number of Council meetings shown above.

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NAME	ATTENDANCE AT MEETINGS
<b>GROUP AUDIT COMMITTEE</b>	
<b>Number of meetings for the period: 4</b>	
<b>Nick Castro FCA</b> (Chairman)	4 / 4
<b>Margaret Ginman MBA</b>	4 / 4
<b>Gary Waller MBA</b> (until February 2011)	3 / 3
<b>John Zealley MA</b> (from February 2011)	1 / 1
<b>INVESTMENT COMMITTEE</b>	
<b>Number of meetings for the period: 2</b>	
<b>Brian Yates</b> (Chairman) (from February 2011)	0 / 0
<b>Gary Waller</b> (Chairman) (until February 2011)	2 / 2
<b>Patrick Barwise</b>	2 / 2
<b>Roger Pittock</b>	2 / 2
<b>Mark Tapley</b>	2 / 2
<b>TERMS OF SERVICE COMMITTEE</b>	
<b>Number of meetings for the period: 2</b>	
<b>Patrick Barwise</b> (Chairman)	2 / 2
<b>Anthony Burton</b> (until February 2011)	1 / 1
<b>Mike Clasper</b>	2 / 2
<b>Tanya Heasman</b>	2 / 2
<b>Paul Preston</b>	2 / 2

Note: 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).

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