Which?

2011/2012 Financial statements

page content

Which? works for you

Financial overview

For the year ended 30 June 2012

Consumers' Association (CA) is a registered charity. Its research and advocacy work is carried out through it's trading subsidiary, Which? Limited, whose taxable profits are gifted to CA each year. During the financial year 2011/12, the group was primarily made up of Which? Limited.

The group finances

We continue to invest in both existing and new products and services that meet our members' needs. We also seek to expand where possible our mission activities of advocacy and informing on consumer issues. In addition, the group 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 decrease in funds of £2.1m, reflecting £1.5m of investment losses and £3.4m of actuarial losses on the pension scheme being offset in part, by continuing strong trading performance.

Despite this reduction in funds, the group's balance sheet is still strong, with total unrestricted funds at 30 June 2012 of £42.2m (£44.2m at 30 June 2011).

The group 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 consolidated cash flow statement, showing how we received and spent money in the year (page 10).

These principal statements are supplemented by extensive notes, providing further details on the key financial information.

Income and subscription numbers

Group incoming resources of £80.5m were £4.9m higher than 2010/11, reflecting a further uplift in subscriptions to our products. At June 12, the total volume of subscriptions was 1,382,000 (4% year-on-year growth), a level not achieved since 1988. Total unique subsciptions sales at 786,000 were 11,000 higher than 2010/11. This growth was again delivered in the context of a tough publishing market.

Subscriptions to Which? magazine at June 12 reached 636,000, representing a 3% uplift on the previous year, while Which? Online grew by 9% to reach another all time high subscriber level of 279,000.

Which? Computing maintained its position as the best selling magazine in the market, while both Which? Money and Which? Gardening grew their subscription bases significantly year-on-year, with the latter delivering its best performance for seven years. Which? Money, a product that was only launched five years ago, now has an impressive 69,000 subscribers.

Which? Legal Service and Which? Travel suffered a small drop in subscribers over the year, and sales of our books also fell during the year, reflecting difficult trading conditions.

Significant investment has been made outside our core products in growing our new businesses. Our mortgage advice service, which advises customers on the best deals from every mortgage from every available lender, has in recent months really started to generate some positive momentum. Mortgage applications through the service have increased substantially and adviser capacity has recently been expanded to meet this higher demand. There is still much to do though, as we seek to establish the brand outside of the current Which? membership. Although achieving growth of the 'Right Choice' magazine in India has been difficult, a recent change in

Spending on advocacy

30%
Energy

25%
Personal finance

17%
Education

11%
Food

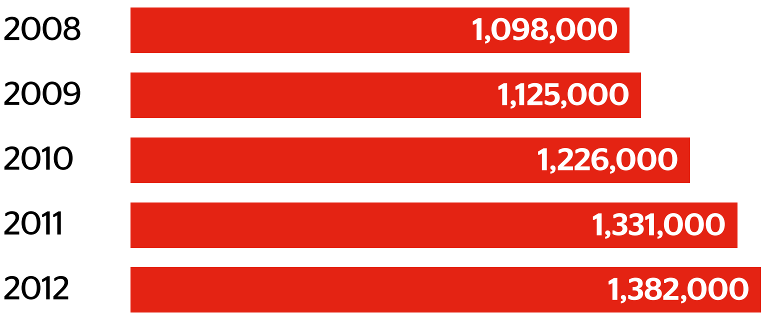
7%
Science and technology

6%
Others
(including Online)

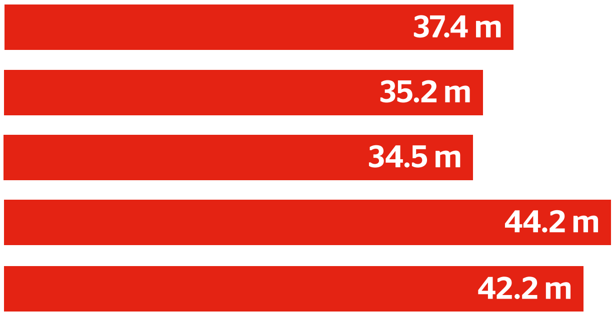
3%
Health

1%
Conferences, events & launches

Total number of subscriptions



Reserves (£)



our marketing approach and focusing our activity in Mumbai has given us grounds for long-term optimism.

In summary, we have had another strong year across the organisation. Our core business improvement is providing a strong foundation onto which we are building the new businesses, which we hope will deliver further growth in years to come.

How the charity spends its money

66%
Consumer research

34%
Promoting consumer interests

Expenditure

Total resources expended of £77.6m were £5.5m higher than 2010/11. This was due to an increase in cost of sales relating to the higher revenue, further investment in new products and services, building our organisational capability, plus a significant increase in our advocacy activity.

During the course of the year we invested £3.9m in our new businesses. This investment involved further development of our 'Right Choice' magazine in India, including work to put the product on a digital platform. We have also increased the capacity of our mortgage advice business, allowing us to expand the service to a wider audience.

Of the £21.4m spent on our charitable activities, 66% related to consumer research for our products and to support our advocacy work. Of the £14.0m of expenditure relating to consumer research, £10.5m was recharged to Which? Limited for use in its magazines and website.

The remaining 34% of expenditure related to promoting consumer interests through our own advocacy and media activities, and our support for other consumer organisations.

Our spend in this area increased by 32% year-on-year, from £5.6m to £7.4m, reflecting our continued commitment to supporting the wider public on consumer issues.

The 'Spending on advocacy' breakdown shows the main advocacy areas for the group. As in previous years, the size of spend does not necessarily reflect its relative importance to the group. In addition to this explicit advocacy spend, all our publications play an important role in promoting 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 2012, under FRS17 the hybrid scheme had a £3.1m deficit (£1.3m deficit at 30 June 2011) 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. Note that work is currently in progress on the March 2012 triennial valuation. During the year, CA and the pension scheme trustees continued to follow the recovery plan agreed following the 2009 valuation to reduce the deficit by 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 group balance sheet on page 9 illustrates the financial position of the group at 30 June 2012. The major movements year-on-year were a £0.8m reduction in investment value and a £1.8m increase in the pension scheme liability. With no material change in net current assets (working capital), these movements were the prime factors for the reduction in net assets from £44.2m at June 2011 to £42.2m at June 2012.

Our head office at 2 Marylebone Road, London NW1 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 £11.7m included on our balance sheet at 30 June 2012.

Council of Trustees' report

For the year ended 30 June 2012

Council of Trustees is pleased to present its report together with the financial statements of the charity for the year ended 30 June 2012. The financial statements comply with current statutory requirements, the 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 2011.

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 Articles of Association.

Organisation

The governing body of CA is a Council of Trustees (Council), the members of which are also its company directors and charity trustees. A Chief Executive is appointed by Council to manage the day-to-day operations of the charity.

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. Since the year end, it was approved at a General Meeting to reduce the number of elected members to nine. This reduction will be made as part of the election process during 2012/13.

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. A pack with a range of background detail 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 regularly 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 existence of the 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 and the other 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 that 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 again worked hard to achieve positive change on issues that are important to consumers. This positive change is achieved through our significant investment in research and advocacy activity. We also influence companies and government, both in the UK and overseas, to do more for consumers, whether through offering better products and services or implementing more effective regulation.

This year we have worked particularly hard to make a difference in the energy sector and launched our 'Affordable Energy' campaign, to ensure people pay as little as possible for their energy. As part of this, at the end of the year, we launched 'The Big Switch', the UK's first collective energy switching initiative. This led to 289,000 members of the public registering an interest which resulted in almost 38,000 people committing to switch, making an average annual saving of £223 each - a collective saving of over £8.4 million. We also organised a series of Which? Energy Live events where we engaged with around 36,000 members of the public and more than 5,000 people subsequently received energy advice. As part of our advocacy and research work, we challenged the value-for-money of the smart meter roll-out, complicated energy bills and tariffs as well as misleading sales practices.

Personal finance remained another major focus for us and we spent a lot of time and energy campaigning for a more proactive, consumer-focused financial regulator. Although this was not a very public-facing issue, we believe it is essential to commit our resources to ensure the future regulator of the sector learns lessons from the past and puts consumer protection at the heart of its work and culture. This led to a lot of detailed work on the financial services bill to promote the consumer interest with policymakers and politicians.

Our campaign to stop 'rip off' card surcharges was successful and the government has now agreed to ban excessive charges by the end of 2012. We also launched a new campaign around claims management companies who charge a fee for complaining. As part of this campaign we put pressure on banks to handle complaints better and continued to promote our own free PPI complaints tool. We also saw the conclusion of many years' work in Europe to ensure the Consumer Rights Directive maintained or enhanced consumer rights, and we have started to promote the consumer perspective in new EU legislative proposals on Alternative Dispute Resolutions and the Common European Sales Law.

Public benefit

Which? provides products and services in a variety of ways to ensure that the public can access our research, information and advice. The following content is 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.

By way of example, between July 2011 and June 2012 we produced:

- 511 videos on a range of products and topics, with around 8 million viewings.
- 119 podcasts, with over 790,000 downloads in the year.
- 1,024 Which? Conversation pieces (blog posts) giving consumers the opportunity to get involved in key consumer debates and help shape and influence our campaign agenda. These pieces had over one million page views.
- 7 live Q&A events allowing members of the public to have direct access to Which? experts. These were viewed by more than 20,000 people.
- 50 new advice guides.
- 70,000 members of the public downloaded our free iPhone/iPad app on consumer rights, taking the total downloads to 170,000 since launch.

Due regard has been paid to the public benefit guidance published by the Charity Commission.

Corporate social responsibility

Which? continues in its efforts to become 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, and where possible, our customer mailings are delivered as 'sustainable mail' emphasising the need for subsequent recycling. We have also made considerable effort during the year to remove unnecessary wastage from our production process.

Within the company, our 'green team', made up of enthusiastic environmentally minded employees, has worked hard to improve our environmental performance across the organisation.

Investment policy

CA's Articles of Association gives the Council broad powers to invest its surplus funds. An order from the Charity Commissioners under the Charities Act 2011 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 has been managed by Barnett Waddingham LLP since November 2011 and prior to this was managed by Investec Wealth and Investment 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 four times during the year with the fund managers, primarily to review performance during the previous quarter. These updates were then reported to Council.

Between 30 June 2011 and 30 June 2012 the value of the fund decreased by 3% to £25.3m, 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 £19.0m of free reserves, (before pensions assets or liabilities), some 13 weeks of the charity's expenditure. Of the total group funds of £42.2m at 30 June 2012, £15.6m is represented by fixed assets required for our operations and £3.0m is required to fund working capital. This leaves £23.6m of free reserves which is above the target established by Council. It is intended to continue investing some of the excess free reserves in the year to 30 June 2013 in further developing our product portfolio that can benefit our customers in years to come.

CA's principal trading subsidiary, Which? Limited, shows net assets at 30 June 2012 of £3.0m.

Principal risks and 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.

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.

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 Articles of Association. They are reimbursed for travel and accommodation expenses incurred when attending Council meetings and other official events.
Claims were made by 12 of 18 (2010/11: 10 of 18) members during the year, totalling £6,170 (2010/11: £8,600). Insurance purchased by CA during the year to protect Council members against liabilities arising from their office cost £2,640 (2010/11: £3,339).

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 advisors

- The group's principal bankers are: Barclays Bank plc, The Lea Valley Group, 78 Turners Hill, Cheshunt, Herts EN8 9BW.
- The group's independent auditor and tax advisers are: Deloitte LLP, 2 New Street Square, London EC4A 3BZ
- The group's investment managers are: Barnett Waddingham LLP, Port of Liverpool Building, Pier Head, Liverpool, L3 1BW

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:

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 2012
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 2012 which comprise the group statement of financial activities, the group and company balance sheets, the group cash flow statement and 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 and to the charitable company's trustees, as a body, in accordance with section 151 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members and the trustees 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 charitable company, the charitable company's members as a body and the charitable company's trustees as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

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.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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 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's and the parent charitable company's affairs as at 30 June 2012, 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 and the Charities Act 2011.

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 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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 2012

Incorporating a consolidated income and expenditure account

	Notes	The Charity - Consumers' Association £'000	Subsidiaries £'000	Transactions between the Companies £'000	Group Total 2011/12 £'000	Group Total 2010/11 £'000
Incoming resources						
Incoming resources from generated funds:						
Activities for generating funds		-	79,122	-	79,122	74,625
Investment income		1,128	74	-	1,202	836
Other incoming resources		12	2	-	14	32
Incoming resources from charitable activities:						
Research income		10,683	-	(10,511)	172	79
Total incoming resources		11,823	79,198	(10,511)	80,510	75,572
Resources expended						
Cost of generating funds:						
Fundraising trading	2	-	(66,247)	10,511	(55,736)	(52,686)
Interest payable and other similar charges	2,6	(20)	-	-	(20)	(24)
Investment management costs	2	(50)	-	-	(50)	(56)
		(70)	(66,247)	10,511	(55,806)	(52,766)
Charitable activities:						
Consumer research	2	(14,046)	-	-	(14,046)	(13,420)
Promoting consumer interests	2	(7,380)	-	-	(7,380)	(5,595)
Governance costs	2	(387)	-	-	(387)	(343)
		(21,813)	-	-	(21,813)	(19,358)
Total resources expended	2	(21,883)	(66,247)	10,511	(77,619)	(72,124)
Net trading income transferred to CA available for charitable activities		14,854	(14,854)	-	-	-
Net incoming resources before other recognised gains and losses		4,794	(1,903)	-	2,891	3,448
Other recognised gains and losses						
Net (losses)/gains on investment assets	10				(1,531)	2,797
Currency translation difference on foreign currency net investments					(41)	(11)
Actuarial (losses)/gains on defined benefit pension schemes	19				(3,400)	3,500
Net movement in funds	5				(2,081)	9,734
Reconciliation of funds						
Total funds brought forward at 1 July					44,237	34,503
Total funds carried forward at 30 June					42,156	44,237

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

Balance sheets
As at 30 June 2012

	Notes	Group 2012 £'000	Group 2011 £'000	Consumers' Association 2012 £'000	Consumers' Association 2011 £'000
Fixed assets					
Tangible assets	9	15,615	15,028	12,164	13,044
Investments	10	25,276	26,079	25,276	26,079
Investments in subsidiary and associated undertakings	11	61	61	10,052	10,052
		40,952	41,168	47,492	49,175
Current assets					
Stocks	13	188	234	-	-
Debtors	14	10,501	8,570	16,117	11,756
Short term deposits		5,004	2,506	-	-
Cash at bank and in hand		5,406	5,331	759	356
		21,099	16,641	16,876	12,112
Creditors: Amounts falling due within one year	15	(16,394)	(11,466)	(5,524)	(3,701)
Net current assets		4,705	5,175	11,352	8,411
Total assets less current liabilities		45,657	46,343	58,844	57,586
Creditors: Amounts falling due after more than one year	16	(401)	(806)	(401)	(806)
Defined benefit pension scheme liability	19	(3,100)	(1,300)	(3,100)	(1,300)
Net assets		42,156	44,237	55,343	55,480
Unrestricted charity funds	18	60,757	55,944	60,757	55,944
Revaluation reserve	18	634	2,225	686	2,236
Accumulated deficit of trading subsidiaries	18	(13,135)	(11,232)	-	-
Pension reserve	18	(6,100)	(2,700)	(6,100)	(2,700)
Total unrestricted funds	18	42,156	44,237	55,343	55,480

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 2012.
They were signed on its behalf by:

Patrick Barwise

Patrick Barwise
Council Chairman

Consolidated cash flow statement

For the year ended 30 June 2012

	2011/12		2010/11	
	£'000	£'000	£'000	£'000
Reconciliation of net incoming resources to net cash inflow from continuing operating activities				
Net incoming resources from continuing activities		2,891		3,448
Fixed asset depreciation charges	1,077		827	
Fixed asset impairment charges	469		547	
Gain on disposal of fixed assets	(3)		(7)	
Decrease in stocks	46		73	
Increase in debtors	(1,931)		(712)	
Increase/(decrease) in creditors	4,928		(569)	
Adjustment for pension funding	(1,600)		(200)	
Currency translation difference	(41)		(11)	
Interest received	(74)		(61)	
Interest paid and similar charges	20		24	
Income from fixed asset investments	(728)		(675)	
		2,163		(764)
Net cash inflow from continuing operating activities		5,054		2,684
Consolidated cash flow statement				
Net cash inflow from operating activities		5,054		2,684
Returns on investments and servicing of finance				
Interest received	74		61	
Interest paid and similar charges	(20)		(24)	
Income from fixed asset investments	728		675	
		782		712
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(2,135)		(2,578)	
Sale of tangible fixed assets	5		12	
Purchase of fixed asset investments	(1,862)		(2,617)	
Sale of fixed asset investments	845		1,484	
Decrease in deposits awaiting investment	289		458	
Increase in investments in associated companies	-		(27)	
Increase in short term deposits	(2,498)		(2,506)	
		(5,356)		(5,774)
Cash inflow/(outflow) before use of liquid resources and financing		480		(2,378)
Financing				
Loan repayment		(405)		(404)
Increase/(decrease) in cash		75		(2,782)

Anaysis of changes in net funds		Change in year 2011/12		Change in year 2010/11	
	2012	Cash Flows	2011	Cash Flows	2010
	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	5,406	75	5,331	(2,782)	8,113
Loan due within 1 year (see note 15)	(405)	-	(405)	-	(405)
Loan due after 1 year (see note 16)	(401)	405	(806)	404	(1,210)
Total	4,600	480	4,120	(2,378)	6,498

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 2011. 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 2012, 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 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 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 Part 11 of the Corporation Tax Act 2010. No current tax liability arose in respect of the trading subsidiary because the company makes a gift aid payment equal to 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 Barnett Waddingham LLP. 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 in respect to the group's offices in Marylebone Road. Management do 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 have 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 2011/12 £'000	Total 2010/11 £'000
Cost of generating funds:				
Cost of sales	(35,701)	-	(35,701)	(35,231)
Distribution costs	(6,524)	-	(6,524)	(6,191)
Other trading expenditure	(5,047)	(8,464)	(13,511)	(11,264)
Fundraising trading	(47,272)	(8,464)	(55,736)	(52,686)
Interest payable and other similar charges	(20)	-	(20)	(24)
Investment management costs	-	(50)	(50)	(56)
	(47,292)	(8,514)	(55,806)	(52,766)
Charitable activities:				
Consumer research	(9,707)	(4,339)	(14,046)	(13,420)
Promoting consumer interests	(5,990)	(1,390)	(7,380)	(5,595)
	(15,697)	(5,729)	(21,426)	(19,015)
Governance costs	-	(387)	(387)	(343)
Total resources expended	(62,989)	(14,630)	(77,619)	(72,124)

Governance costs include the following:	2011/12 £'000	2010/11 £'000
External audits	(75)	(78)
Trustees' expenses	(6)	(9)
Trustees' indemnity insurance	(3)	(3)

* See note 3 for the 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 2011/12 £'000	Total 2010/11 £'000
Cost of generating funds:							
Other trading expenditure	-	(1,013)	(2,617)	(2,660)	(2,174)	(8,464)	(7,059)
Investment management costs	-	-	-	-	(50)	(50)	(56)
	-	(1,013)	(2,617)	(2,660)	(2,224)	(8,514)	(7,115)
Charitable activities:							
Consumer research	(845)	(514)	(896)	(979)	(1,105)	(4,339)	(3,847)
Promoting consumer interests	(271)	(165)	(287)	(313)	(354)	(1,390)	(1,128)
	(1,116)	(679)	(1,183)	(1,292)	(1,459)	(5,729)	(4,975)
Governance costs	(253)	(111)	-	-	(23)	(387)	(343)
Total resources expended	(1,369)	(1,803)	(3,800)	(3,952)	(3,706)	(14,630)	(12,433)

4 Results from trading activities of subsidiaries

	Which? Limited £'000	Other trading subsidiaries £'000	Eliminations on consolidation £'000	Total £'000
Profit and loss account				
Turnover	78,421	701	-	79,122
Cost of sales	(43,463)	(2,749)	-	(46,212)
Gross profit/(loss)	34,958	(2,048)	-	32,910
Distribution costs	(6,524)	-	-	(6,524)
Impairment of fixed asset investments	(3,020)	-	3,020	-
Administrative expenses	(11,568)	(1,943)	-	(13,511)
Other operating income	2	-	-	2
Operating profit/(loss)	13,848	(3,991)	3,020	12,877
Interest receivable and similar income	63	11	-	74
Net movement for the year	13,911	(3,980)	3,020	12,951
Gift aid to Consumers' Association	(14,854)	-	-	(14,854)
Retained loss for the year	(943)	(3,980)	3,020	(1,903)
Loss brought forward	(6,087)	(8,545)	3,400	(11,232)
Loss carried forward	(7,030)	(12,525)	6,420	(13,135)
Balance sheet				
Total assets	27,234	3,040	(8,482)	21,792
Total liabilities	(24,264)	(3,018)	16,413	(10,869)

Which? Limited provides education, information and advice to the benefit of consumers through the Which? subscriptions and other media. BGG Information Private Limited (an Indian company) publishes the magazine Right Choice within India, while Which? Financial Services Limited provides a mortgage broking service. Both Which? International and Yellowfin Holdings Limited are holding companies. Subsidiaries other than these have not been disclosed separately as their transactions are not material.
The impairment of fixed asset investments above are in connection with the write down of the investment in BGG Information Private Limited. There is no impact on the group numbers as it is eliminated on consolidation..

5 Net movement in funds

	2011/12 £'000	2010/11 £'000
Net movement of funds is stated after charging:		
Depreciation of tangible fixed assets	1,077	827
Impairment of tangible fixed assets	469	547
Gain on disposal of fixed assets	(3)	(7)
Loss on foreign exchange	8	8
Expenses of the Council of Trustees (detailed in the Council of Trustees Report)*	6	9
Cost of liability insurance for Council of Trustees	3	3
Payment under operating leases charged to the SOFA:		
property rentals	253	231
other	42	38
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	47	50
Total audit fees	75	78
Tax services	22	30
Other assurance related services	17	-
Recruitment and remuneration services	5	-
Corporate finance services	-	28
Other services	19	-
Total non-audit fees	63	58

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

6 Interest payable and other similar charges

	2011/12 £'000	2010/11 £'000
Interest on mortgage-repayable in instalments over less than five years	20	24
Total interest payable and other similar charges	20	24

7 Employees

	2011/12 Number of employees	2010/11 Number of employees
The average number of employees of the group during the year was:		
Consumer research	86	93
Promoting consumer interests	70	62
Support activities	86	84
Trading activities	255	241
Total	497	480
The number of employees of the group who received emoluments in excess of £60,000 in the year ended 30 June 2012 was:		
£60,001 - £70,000	18	14
£70,001 - £80,000	14	3
£80,001 - £90,000	3	3
£90,001 - £100,000	5	6
£100,001 - £110,000	1	1
£110,001 - £120,000	2	2
£130,001 - £140,000	-	2
£140,001 - £150,000	-	1
£150,001 - £160,000	1	-
£160,001 - £170,000	1	2
£170,001 - £180,000	-	1
£180,001 - £190,000	1	-
£220,001 - £230,000	1	-
£260,001 - £270,000	-	1
£280,001 - £290,000	1	-
£300,001 - £310,000	-	1
£320,001 - £330,000	1	-

	2011/12 £'000	2010/11 £'000
Contributions in the year for the money purchase element of the pension scheme for the above higher paid employees were:	398	245

	Number of employees	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):	47	35

The remuneration of the highest paid employee, (director of a group company) was £349,000 (2010/11: £327,000). This comprised emoluments of £325,000 (2010/11: £305,000) and company contributions to money purchase pension scheme of £24,000 (2010/11: £22,000).

Employee costs during the year amounted to:	£'000	£'000
Salaries and wages	18,585	17,624
Social security	2,106	1,942
Pension costs	1,684	1,600
Benefits in kind	238	252
Total	22,613	21,418

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 Tax Act 2010.
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
Tangible fixed assets of the group					
Cost or valuation					
At 1 July 2011	4,391	13,900	6,675	97	25,063
Additions	-	-	2,135	-	2,135
Disposals	-	-	(3)	-	(3)
At 30 June 2012	4,391	13,900	8,807	97	27,195
Depreciation					
At 1 July 2011	1,483	4,438	4,067	47	10,035
Depreciation charged	73	98	889	17	1,077
Impairment	469	-	-	-	469
Disposals	-	-	(1)	-	(1)
At 30 June 2012	2,025	4,536	4,955	64	11,580
Net book value					
At 30 June 2011	2,908	9,462	2,608	50	15,028
At 30 June 2012	2,366	9,364	3,852	33	15,615
Tangible fixed assets of Consumers' Association					
Cost or valuation					
At 1 July 2011	4,391	13,900	1,858	65	20,214
Additions	-	-	281	-	281
At 30 June 2012	4,391	13,900	2,139	65	20,495
Depreciation					
At 1 July 2011	1,483	4,438	1,208	41	7,170
Depreciation charged	73	98	510	11	692
Impairment	469	-	-	-	469
At 30 June 2012	2,025	4,536	1,718	52	8,331
Net book value					
At 30 June 2011	2,908	9,462	650	24	13,044
At 30 June 2012	2,366	9,364	421	13	12,164

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

'Freehold land & buildings' include land with a cost of £1,550,000 (2011: £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 2011	478	25,601	26,079
Income from investments	728	-	728
Purchases during the year	(1,862)	1,862	-
Sales during the year	845	(845)	-
Unrealised losses on investments	-	(1,550)	(1,550)
Realised gains on investments	-	19	19
Balance at 30 June 2012	189	25,087	25,276
Historical costs			
At 30 June 2011		23,991	
At 30 June 2012		24,570	

Fixed asset investments consist of direct holdings in fixed interest bonds and loans, UK and international equities and cash. The portfolio is managed by Barnett Waddingham LLP.

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

Ishares MSCI World	55.4%
Ishares Markit Iboxx GBP	20.9%
Ishares MSCI Emerging Markets Shares	7.1%

11 Investments in subsidiary and associated undertakings

Subsidiary undertakings	Holding	Proportion owned	Principal activity
Direct holdings of the Company:			
Which? Limited	Ordinary Shares	100%	Publishing
The Good Food Club Limited	Ordinary Shares	100%	Dormant
Indirect holdings of the Company:			
Which? International Limited (previously 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
Which? Financial Services Limited (previously PP Financial Services Limited)	Ordinary Shares	100%	Mortgage broking
PP Mobile Switching Limited	Ordinary Shares	100%	Mobile tariff switching service
PP Publishing Limited	Ordinary Shares	100%	Publishing
PP Home Moving Services Limited	Ordinary Shares	100%	Not yet trading
Which? Legal Services Limited	Ordinary Shares	100%	Not yet trading
Other investments			
Direct holdings of the Company:			
International Consumer Research and Testing Limited	'A' Ordinary Shares	17%	Consumer research on international basis
Indirect holdings of the Company:			
International Consumer Research and Testing Limited	'B' Ordinary Shares	7%	Consumer research on international basis

	Group £'000	Consumers' Association £'000
Shares in subsidiaries and associated companies		
Cost		
At 1 July 2011	61	10,052
Additions	-	-
At 30 June 2012	61	10,052
Net book value	61	10,052

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 (2010/11: £nil). Total charitable donations were £100,000 (2010/11: £91,700).

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 (2010/11: £75,000) as a general grant to cover operating expenses.

Although RICA is an independent charity, it shared a common trustee with Consumers' Association. In addition, the level of funds it received from the group represents a material proportion of its own income.

International Consumer Research and Testing Ltd (ICRT)

During the year, Consumers' Association paid £97,103 (2010/11: £101,169) membership fees to ICRT. In addition, a further £592,175 (2010/11: £530,047) was paid in respect of commission for work secured through the offices of ICRT. BGGI Information Private Limited also paid £9,990 (2010/11: £10,030) membership fees to ICRT. ICRT has one director in common with Which? Limited and one director in common with Yellowfin Holdings Limited.

The amount payable to ICRT at 30 June 2012 was £246,617 (30 June 2011: £140,843).

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 £290,220 (2010/11: £225,800) 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 £298,418 (2010/11: £295,904) in membership fees. No balance was outstanding at either year end.

Council Members

The Chairman of Council, Patrick Barwise was a minor shareholder (1.6%) in a supplier to the group (Verve Partners Limited), until February 2012. During the year Consumers' Association paid £550,975 to Verve Partners Limited (2010/11: £508,536) 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 2012 was £36,410 (30 June 2011: £71,805).

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 (2010/11: £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	
	2012	**2011**	**2012**	**2011**
	£'000	£'000	£'000	£'000
Work-in-progress	115	168	-	-
Finished goods	73	66	-	-
Total stocks	188	234	-	-

14 Debtors

	Group 2012 £'000	Group 2011 £'000	Consumers' Association 2012 £'000	Consumers' Association 2011 £'000
Trade debtors	593	427	50	13
Amount due from group undertakings	-	-	14,110	9,998
Other debtors	2,174	1,556	794	708
Prepayments and accrued income	2,031	1,650	1,163	1,037
Subscriptions due	5,703	4,937	-	-
Total debtors	10,501	8,570	16,117	11,756

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 2012 £'000	Group 2011 £'000	Consumers' Association 2012 £'000	Consumers' Association 2011 £'000
Trade creditors	6,992	4,638	2,436	2,064
Taxation and social security	786	950	562	624
Other creditors	105	163	12	11
Accruals and deferred income	4,746	2,104	2,109	597
Subscriptions received in advance	3,360	3,206	-	-
Mortgage: 2 Marylebone Road (see note 16)	405	405	405	405
Total creditors (less than one year)	16,394	11,466	5,524	3,701

16 Creditors: Amounts falling due after more than one year

	Group 2012 £'000	Group 2011 £'000	Consumers' Association 2012 £'000	Consumers' Association 2011 £'000
Mortgage: 2 Marylebone Road	401	806	401	806
Total creditors (over one year)	401	806	401	806

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 2012 represented 9% of the net book value of the leasehold property (see note 9).

Analysis of payments due on creditors over one year:	Group 2012 £'000	Group 2011 £'000	Consumers' Association 2012 £'000	Consumers' Association 2011 £'000
Amounts repayable between one and two years	401	405	401	405
Amounts repayable between two and five years	-	401	-	401
Mortgage repayable after more than one year	401	806	401	806

17 Financial commitments

	Land & buildings 2012 £'000	Land & buildings 2011 £'000	Other 2012 £'000	Other 2011 £'000
At 30 June 2012 the group had annual commitments under non-cancellable operating leases as follows:				
Group				
Expiring within one year	60	60	-	-
Expiring between two and five years	49	49	6	6
Expiring after five years	145	145	-	-
Total lease payments	254	254	6	6
Consumers' Association				
Expiring within one year	60	60	-	-
Expiring between two and five years	-	-	6	6
Expiring after five years	145	145	-	-
Total lease payments	205	205	6	6

18 Movement of funds during the year

	Unrestricted charity funds £'000	Revaluation reserve £'000	Accumulated deficit of trading subsidaries £'000	Pension reserve £'000	Group funds £'000
Balance at 1 July 2011	55,944	2,225	(11,232)	(2,700)	44,237
Net outgoing resources before gift aid payment	(10,060)	-	-	-	(10,060)
Revaluation of investment assets (note 10)	-	(1,550)	-	-	(1,550)
Realised gains on investments	19	-	-	-	19
Revaluation of monetary assets and liabilities	-	(41)	-	-	(41)
Trading profit before gift aid	-	-	12,951	-	12,951
Gift aid payments from subsidiaries to charity	14,854	-	(14,854)	-	-
Actuarial losses on defined benefit pension schemes	-	-	-	(3,400)	(3,400)
Balance at 30 June 2012	60,757	634	(13,135)	(6,100)	42,156

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 2012.

The calculations have been based on membership data as at 31 March 2012. Scheme assets are stated at their market value at 30 June 2012, 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 2012 are expected to be £1.4m.

19 Pensions continued...

		2012	2011
Assumptions			
The major assumptions used by the actuary to calculate the scheme under FRS 17 were (in nominal terms):			
Rate of increase in pensionable salaries		3.9%	4.6%
Rate of increase in pensions in payment - RPI linked		2.9%	3.6%
Discount rate		4.5%	5.4%
Inflation assumption (RPI)		2.9%	3.6%
Inflation assumption (CPI)		2.1%	2.8%
Rate of revaluation of pensions in deferment		2.1%	2.8%
Return on money purchase underpin fund		7.0%	7.0%
Assumed life expectancies on retirement at age 65 are:			
Retiring today	Males	21.7	21.6
	Females	24.3	24.2
Retiring in 20 years' time	Males	23.7	23.6
	Females	26.2	26.1

Actual and expected rates of return **The assets in the scheme and the expected rates of return were:**	**Long-term rate of return expected at 30 June 2012**	**Value at 30 June 2012**	**Long-term rate of return expected at 30 June 2011**	**Value at 30 June 2011**
	p.a.	£m	p.a.	£m
Equities and property	4.9%	29.3	6.3%	24.0
Bonds and cash	3.4%	29.7	4.6%	30.3
With-profits fund	7.0%	28.4	7.0%	27.0
Fair value of scheme assets		87.4		81.3
The scheme does not hold any ordinary shares issued or property occupied by Consumers' Association.				
The actual return on assets over the period was		6.4		8.6

Net pension liability **The amounts recognised in the balance sheet are as follows:**	**2012**	**2011**
	£m	£m
Present value of scheme liabilities	(90.5)	(82.6)
Fair value of scheme assets	87.4	81.3
Deficit	(3.1)	(1.3)
Net pension liability recognised before tax	(3.1)	(1.3)

Analysis of the amount charged to net incoming resources in respect of the hybrid section of the scheme	**2011/12**	**2010/11**
	£m	£m
Current service cost	0.6	0.7
Service cost	-	-
Total net incoming resources charge	0.6	0.7

Employer contribution rate to the hybrid section from 30 June 2011 was 13% of pensionable salaries per annum.
Standard employer contribution rate under FRS 17 as at 30 June 2011 was 15.3%.

19 Pensions continued...

	2011/12 £m	2010/11 £m
Analysis of the amount credited to other finance income		
Expected return on pension scheme assets	4.8	4.3
Interest on pension scheme liabilities	(4.4)	(4.2)
Net return	0.4	0.1

Reconciliation of opening and closing balances of the present value of the scheme liabilities	2012 £m	2011 £m
Liabilities at beginning of the year	82.6	79.0
Current service cost	0.6	0.7
Interest cost	4.4	4.2
Contributions by scheme participants	0.2	0.2
Actuarial loss	5.1	0.8
Benefits paid	(2.4)	(2.3)
Liabilities at end of year	90.5	82.6

Reconciliation of opening and closing balances of the fair value of the scheme assets	2012 £m	2011 £m
Fair value of scheme assets at beginning of year	81.3	74.0
Expected return on scheme assets	4.8	4.3
Actuarial gain	1.7	4.3
Contributions by employers	1.8	0.8
Contributions by scheme participants	0.2	0.2
Benefits paid	(2.4)	(2.3)
Fair value of scheme assets at end of year	87.4	81.3

Amount recognised in other recognised gains and losses		
Actuarial (losses)/gains recognised in other recognised gains and losses	(3.4)	3.5

History of scheme assets, obligations and experience adjustments	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Present value of scheme liabilities	90.5	82.6	79.0	65.4	66.6
Fair value of scheme assets	87.4	81.3	74.0	65.9	70.2
(Deficit)/surplus in the scheme	(3.1)	(1.3)	(5.0)	0.5	3.6
Experience adjustments arising on scheme liabilities	0.9	(1.1)	1.0	4.9	(1.1)
Experience item as a percentage of scheme liabilities	1.0%	(1.3%)	1.3%	7.5%	(1.7%)
Experience adjustments arising on scheme assets	1.7	4.3	4.0	(7.7)	(3.1)
Experience item as a percentage of scheme assets	1.9%	5.3%	5.4%	(11.6%)	(4.4%)
Cumulative actuarial losses shown in the STRGL	(9.1)	(5.7)	(9.2)	(3.0)	(3.0)

2011/12 Council, Board & Committee membership and attendance

Name	Attendance at meetings
Council members	
Number of meetings for the period:	**6**
Patrick Barwise (Chairman)	6 / 6
Mark Addison	5 / 6
Peter Cartwright (from February 2012)	3 / 3
Melanie Dawes	5 / 6
Margaret Ginman (until February 2012)	3 / 3
Tanya Heasman	6 / 6
Sue Leggate	4 / 6
Natalie Macdonald	4 / 6
Jennifer Oscroft	6 / 6
Roger Pittock	6 / 6
Paul Preston	4 / 6
Tim Roberson (from February 2012)	3 / 3
Peter Shears (from February 2012)	3 / 3
Richard Thomas CBE (Deputy Chairman)	6 / 6
Alison Thorne (until February 2012)	1 / 3
Tony Ward OBE (from September 2011)	5 / 5
Steve Woolgar	2 / 6
Brian Yates	5 / 6
John Zealley (until January 2012)	3 / 3
Which? Limited Board	
Number of meetings for the period:	**7**
Mike Clasper CBE (Chairman)	7 / 7
Claudia Arney	6 / 7
Patrick Barwise	5 / 7
Jacques Cadranel (Group Finance Director)	7 / 7
Neil Cameron	6 / 7
Chris Gardner (Commercial Director)	7 / 7
Tanya Heasman	5 / 7
Andrew Mullins	6 / 7
Helen Parker (Assistant Chief Executive)	7 / 7
Peter Vicary-Smith (Chief Executive)	7 / 7
Kevin Wall	6 / 7
Tony Ward OBE (from July 2012)	0 / 0
John Zealley (until January 2012)	5 / 5

There was also a strategy awayday held in April 2012 for Council and Which? Limited Board members. Attendance at the strategy awayday is included in the number of Council meetings shown above.

Name	Attendance at meetings
Group Audit Committee	
Number of meetings for the period:	**4**
Nick Castro FCA (Chairman)	4 / 4
Margaret Ginman MBA (until February 2012)	2 / 2
Sue Leggate (from February 2012)	1 / 1
John Zealley MA (until January 2012)	2 / 2
Tanya Heasman MBA, MA, Msc (from February 2012)	1 / 1
Investment Committee	
Number of meetings for the period:	**4**
Brian Yates (Chairman)	4 / 4
Patrick Barwise (until January 2012)	2 / 2
Roger Pittock	4 / 4
Mark Tapley	4 / 4
Tony Ward OBE (from January 2012)	2 / 2
Terms of Service Committee	
Number of meetings for the period:	**3**
Patrick Barwise (Chairman)	3 / 3
Mike Clasper CBE	3 / 3
Tanya Heasman	2 / 3
Paul Preston	3 / 3

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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