Which?

2015/16 Financial Statements

Contents

Council of Trustees' report (incorporating Strategic report)

for the year ended 30 June 2016

Council of Trustees is pleased to present its report together with the audited financial statements of both the Consumers' Association (CA) and the consolidated Which? Group for the year ended 30 June 2016.

All of the work that we do across the Group is intended to further the Which? mission of empowering consumers. Our operations are entirely self-funded, which means that all of the exclusively charitable (and free to consumers) work undertaken by CA is funded through the commercial profits of its trading subsidiary, Which? Limited. We receive no government funding, fundraising income or donations.

WHICH? GROUP GOVERNANCE

The ultimate parent undertaking of the Which? Group is Consumers' Association (CA); a registered charity (No 296072) and a private company limited by guarantee. It is registered in England (No 580128) and its registered office is at 2 Marylebone Road, London, NW1 4DF.

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

Council has eight members who have been elected both by ordinary members of CA and by associate members who had a paid subscription to one of our relevant products or services for at least a year. As at 30 June 2016, there were five co-opted Council members and one trustee appointed to fill an elected vacancy.

New Council members are encouraged to attend an induction of at least half a day to familiarise themselves with the charity and Group and the context within which it operates. An information pack, which includes background details regarding the organisation and guidance on the duties and responsibilities of being a Council trustee is distributed to all new Council members. Ongoing training is also available when required.

CA's principal trading subsidiary, Which? Limited, is governed by its own board, which is made up of Council members, independent non-executive directors and senior employees. The board of our other Group trading subsidiary, Which? Financial Services Limited, includes a mix of senior employees and independent non-executive directors. Non-executive directors of these boards are also offered an appropriate induction. All other Group entities are either holding, non-trading or dormant companies.

COUNCIL RESPONSIBILITIES STATEMENT

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

Company law requires Council to prepare financial statements for each accounting period. Under that law, Council has prepared its financial statements in accordance with the UK Financial Reporting Standard (FRS 102). Under company law, Council must not approve the financial statements unless it is satisfied that they give a true and fair view of both CA and the Group and of the surplus or deficit of the Group for the year. In preparing these financial statements, Council is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the charities Statement of Recommended Practice (SORP);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures being disclosed and effected in the financial statements; and
- prepare the financial statements on a going-concern basis unless it is inappropriate to presume that CA or the Group will continue in business.

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

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

PAYMENTS TO MEMBERS OF COUNCIL

Council trustees do not receive any payment for their services. They are reimbursed for travel and accommodation expenses incurred when attending Council meetings and other official events. During 2015/16 claims were made by 17 out of 18 (2014/15: 11 out of 16) trustees, totalling £13,398 (2014/15: £8,494). Insurance costs for the year to protect Council members against liabilities arising from their office totalled £4,441 (2014/15: £4,441).

GROUP AUDIT COMMITTEE

Council mitigates CA's risks through the activities of the Group Audit Committee. The main aims of the Committee are to monitor the integrity of the financial statements of the Group, review the adequacy and effectiveness of the Group risk management arrangements, review internal controls and the internal audit function and review and oversee the external auditor's independence, objectivity and effectiveness. The Committee also considers the appointment and remuneration of the external auditor and reviews and monitors information security.

The Group Audit Committee was made up of three members (2014/15: three) which included representation from Council, the Which? Limited Board and the Which? Financial Services Board.

The Committee met three times during the year and continued to be satisfied that the results presented to it identified no significant concerns about internal controls within the Group. The Committee also conducts regular reviews of its effectiveness.

OTHER COMMITTEES

Council also delegates responsibility in other areas. The Investment Committee advise on investment policy (see page 7), the Remuneration Committee advises on salary issues, executive salary levels as well as remuneration levels across the Group (see page 11), and the Nomination Committee advise on Council elections. The roles and responsibilities of the committees are reviewed on a regular basis.

In January, Council established a Policy Sub-Group to utilise the experience and expertise of its trustees to provide challenge and support to the policy and consumer action teams. This sub-group, made up of four Council members, met five times during the year.

GOING-CONCERN

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

FINANCIAL STATEMENTS

Our financial statements are made up of:

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

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

These principal statements are supplemented by extensive notes, providing further insight into the financial performance of the organisation.

Strategic report

As we don't receive any donations, fundraising income or government funding, successfully growing our commercial activities is essential if we are to continue the expansion of our charitable activity. Controlled diversification into relevant markets also decreases risk across the Group by reducing reliance on our core publishing business.

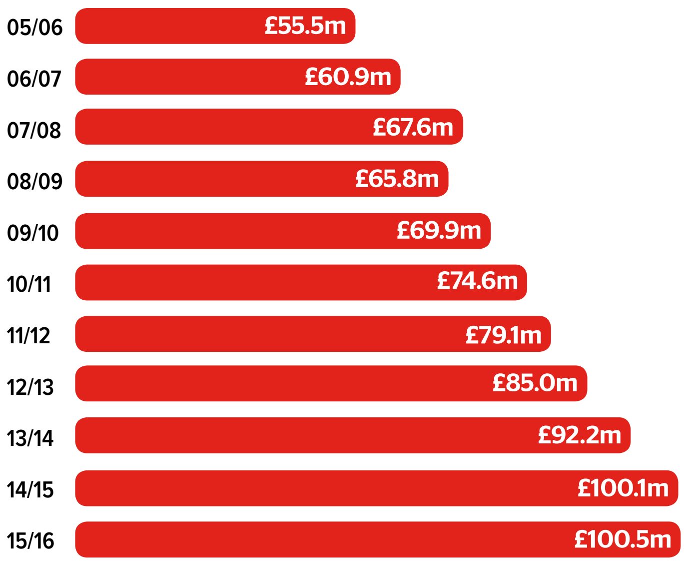
BUSINESS REVIEW – GROUP

As the chart opposite shows, our Group trading revenue has again exceeded £100m. Over a ten-year period, total Group trading revenue has grown by 81%, the vast majority of which has been generated by the core publishing business. This growth has resulted from considerable expansion of our research work (where we published 29% more product reviews than the year before), and significant enhancements across our digital platforms (including an overhaul of the which.co.uk website and the revamping of our tablet edition). This has proved a great success with our customers and as a result total subscription sales have grown substantially over recent years. Although we still continue to defy a declining overall market, our core publishing revenue this year has broadly plateaued.

Our strategy in recent years has been to enter selected markets where the consumer has suffered detriment. In these markets, we believe that Which? can make a positive difference to the consumer, while also delivering a commercial return to the Group. Our main new businesses outside core publishing (referred to as 'new ventures') are Which? Legal, Which? Mortgage Advice and Which? Trusted Traders. They have all delivered significant improvements through the year, with the latter two businesses moving closer to break-even and profitability. As these new ventures continue to grow, they will represent an increased share of Group revenue, and assuming no significant downturn in the core publishing business, should enable significant expansion of our charitable activities in future years. As we approach our 60th anniversary, we remain focused on investing in and developing our organisation, products and services so that we continue to be as relevant as we always have been.

We have invested heavily during the year across the Group, especially within our digital infrastructure as our customers continue to demand more of us. Overhauling our online platform has been a significant project in recent years and we will continue to deliver more in this area. We are also investing in our physical space as we redevelop our Marylebone Road headquarters. Once complete, the building will offer extra desk, meeting and conference space, within a more collaborative environment that can help grow our business. We expect that over half of this investment will be funded internally from the investment fund with the remainder being raised externally through a mortgage (see note 15 on page 30). Once the construction work is complete, we expect that the book value of the building (disclosed as 'long-term leasehold premises' and 'construction in progress' in note 9 on page 27) will not exceed its open market value.

Group trading revenue



BUSINESS REVIEW – CORE PUBLISHING BUSINESS

Although Which? continues to buck the trend in what is a very challenging market, our core publishing business has been flat year-on-year. This was caused by a difficult autumn for new customer acquisitions and card payment collection issues for a section of our membership, which we expect to continue into the 2016/17 financial year. As the chart below shows, subscriptions at June 2016 fell slightly compared to the previous year, although improvements in smaller revenue streams did offset this impact. However, in the context of the last ten years, these levels are still extremely strong.

Which? magazine is still the UK's best-selling monthly magazine and is focused on providing greater value to our existing members that enable them to make more informed decisions. We published 3,716 product reviews (up 29% on the previous year), overhauled our which.co.uk website, redesigned our online reviews to provide a new mobile-friendly look, and have revamped our tablet edition with handy features and a bite-sized weekly edition. Many of our lifestyle magazines are also the best-selling titles within their sectors, providing more specialist advice within these subject areas.

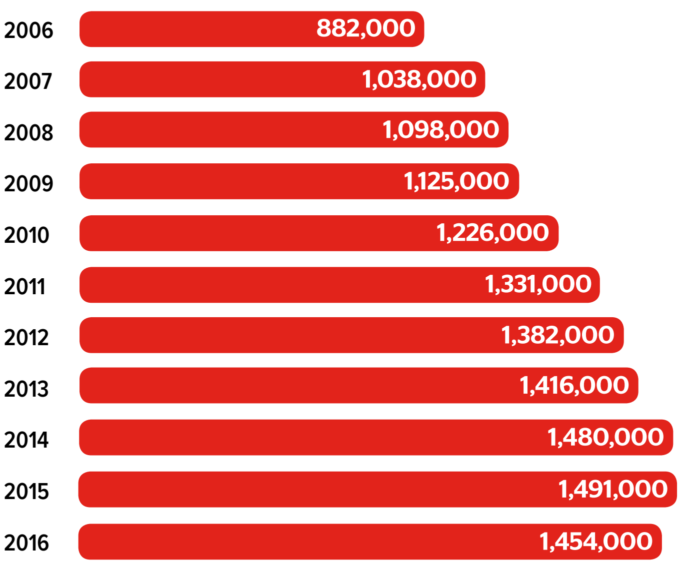
BUSINESS REVIEW – NEW VENTURE BUSINESSES

Our new venture businesses have all delivered performance improvements over the year. This year, Which? Mortgage Advisers celebrated its fifth birthday and has now helped more than 16,000 people arrange mortgages. Although as the adjacent chart shows, overall mortgage submission volumes in Which? Mortgage Advisers have remained broadly flat year-on-year, the underlying strength of the business is much improved. The quality of our staff and their current performance levels, gives us increased confidence that sustainable and profitable growth can be delivered in upcoming years. We plan to accelerate growth through an increase in adviser numbers, and to assist with this, have launched an apprenticeship programme to support new trainees in studying towards a certificate in Mortgage Advice and Practice.

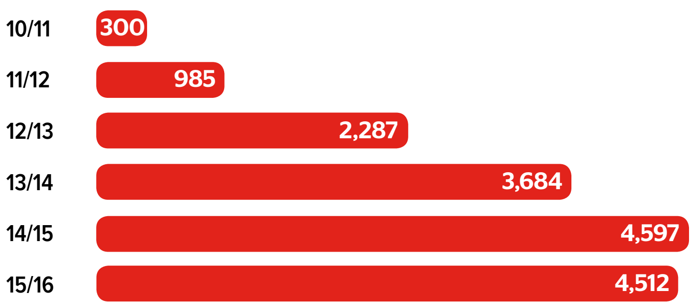
Now with over 6,400 endorsed traders, Which? Trusted Traders has continued to grow steadily since the scheme was set up in 2013 – the chart below shows the growth over that period. Which? Trusted Traders is an endorsement scheme that recognises reputable traders across the home improvement and motor repair sectors, with the aim of raising the standard of customer care of the trade industry for consumers, by setting a benchmark of quality we expect all traders to meet before they can become endorsed. Only traders who successfully pass our assessment process can become a Which? Trusted trader and use the icon on their branding and promotional material.

Which? Legal has also continued to expand over the year, with over 70,000 subscribers at the year-end. Members receive access by phone or email to specialist legal advice across several sectors. The Which? Wills service has also expanded, with customers now able to securely store their will with us, and also register their wills for free directly with the National Will Register via the Which? Wills website.

Total UK subscriptions (June)



Number of mortgages submitted



Which? Trusted Traders – June trader volume

Strategic report continued

BUSINESS REVIEW – CHARITABLE SPEND

Charitable spend in this context is defined by ‘Promoting Consumer Interests’ on the face of the SOFA, and reflects expenditure incurred by CA to provide free help and advice to consumers and campaign on consumer issues.

As the table opposite shows, the total charitable spend associated with promoting consumer interests increased again year-on year, up £0.6m to a record £12.8m. This represents more than a fourfold increase over the last ten years. This exceptional growth has been possible through our commercial successes in recent years and can only continue through future growth in both our core publishing business and new ventures. Further information on our charitable work can be found in the Promoting consumer interests section of the Council of Trustees’ report on page 9.

Other charitable spend undertaken by CA involves expenditure on consumer research. All research costs incurred by CA are prudently reimbursed at cost by Which? Limited in order to provide content for its commercial activities.

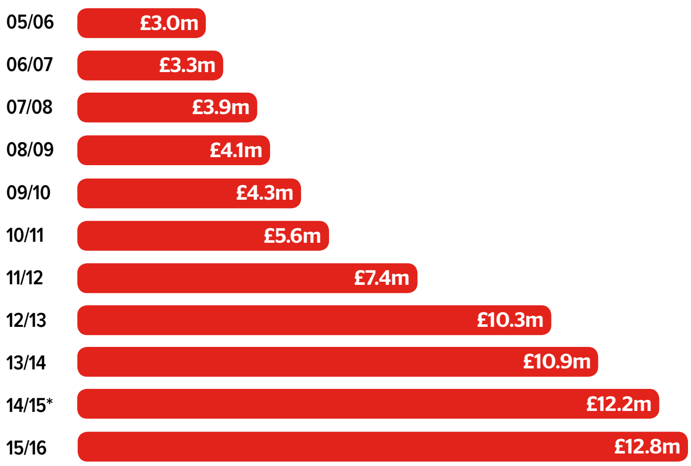
BUSINESS REVIEW – GROUP BALANCE SHEET AND RESERVES

Our Group balance sheet continues to be very strong. As noted in the chart opposite, Group reserves again remained around the £50m mark, a level consistent with the previous three years. This level is still around £20m higher than 2006, with the £3.2m year-on-year decrease in reserves being due to the increase in the FRS 102 pension scheme liability.

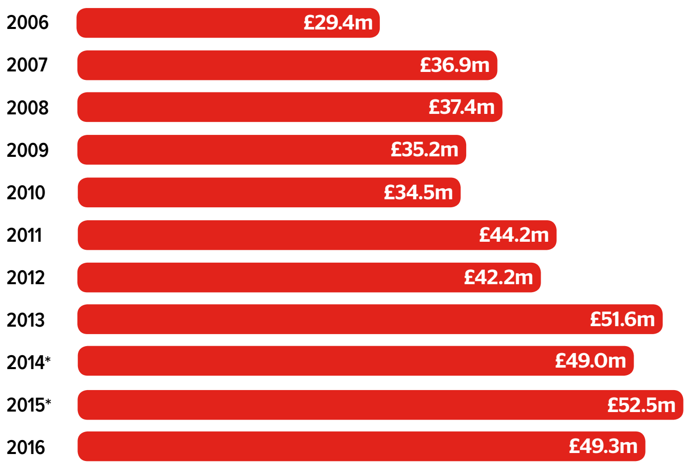
Main highlights across the year include:

- Tangible assets – Increase of £5.3m to £17.7m due to the in-year costs of the Marylebone Road development.
- Investments – Down £3.9m to £35.8m reflecting withdrawals (to fund a proportion of the building redevelopment) more than offsetting underlying investment gains.
- Total net current assets (working capital) – Up £2.1m to £3.7m.
- Creditors due after more than one year – £1.7m of in-year mortgage drawdowns in connection with building redevelopment.
- Defined pension liability – Increase of £4.2m on June 15.

Promoting consumer interests



Group reserves



* Numbers restated to reflect new accounting treatment required by FRS 102

OUR PEOPLE

Across the Group we employed on average 668 individuals in 2015/16 (2014/15: 660). Our people are key to all of our activities across the organisation and we are committed to attracting and retaining the talent we need across the whole Group. Over the last year we have launched several employee-focused initiatives and filled a quarter of our vacancies by enabling existing employees to move to new positions. During the upcoming year, we intend to launch a new organisational design. This is aimed to better align our internal structure with our commercial and charitable objectives.

RESERVES POLICY

Council's policy is to annually review its reserve levels to ensure that they are sufficient to provide some protection against both anticipated and unplanned financial shocks, offer some strategic flexibility to exploit future opportunities as well as ensuring there is sufficient working capital within the business. At 30 June 2016, total Group reserves were £49.3m. All of these reserves were unrestricted with no material amounts designated for specific purposes in future years. The project to redevelop the Marylebone Road building is expected to be completed during 2016/17 and will have little impact on overall reserves. However, given that the redevelopment is being funded in part from the internal investment fund, an increasing proportion of reserves will relate to more illiquid fixed assets.

Council anticipates that any incremental reserves will be used to fund both further expansion of charitable activity and support growth in our new ventures to enable sustainable long-term success for the Group.

INVESTMENT COMMITTEE

Council continued to delegate responsibility to the Investment Committee to advise on investment policy. For most of the year, the Investment Committee was made up of three members, two of whom were Council members with a third external member providing investment advice.

The portfolio was again managed in-house, with Barclays Stockbrokers Limited providing execution-only stockbroker services following instructions received from the Investment Committee. When appropriate, the Investment Committee seeks independent external advice on investment policy.

The Investment Committee met twice during the year: to monitor the portfolio; consider the appropriateness of investment policy; and decide on any rebalancing of the portfolio. Updates on these matters were then reported back to Council. The remainder of CA's surplus funds was held on deposit with leading financial institutions.

TAXATION

Which? Limited made gift aid contributions to CA of an amount equal to its taxable profits. As CA is a registered charity no corporation tax is payable on its net incoming resources, enabling the organisation to maximise the amount it can spend on charitable public benefit initiatives.

PENSION SCHEMES

Consumers' Association operates both a hybrid and a defined contribution pension scheme. The hybrid scheme combines the features of defined benefit (final salary) and defined contribution schemes. As at 30 June 2016 the hybrid scheme (under FRS 102) had a £6.5m liability (£2.3m liability at 30 June 2015).

The triennial valuation of the fund in March 2015 estimated a deficit of £14.7m. An updated recovery plan was agreed with the scheme trustees and is now in place.

LONGER-TERM BUSINESS GROWTH

Valuations of our commercial businesses are conducted annually by external independent experts, Smith & Williamson, who assess the likely market value of our commercial businesses using standard valuation methods based on multiples of profit and the latest view of future cashflows. This is then used as one of the methods of determining elements of key executives' remuneration, reflecting the importance of the long-term success of our commercial operations to CA in our self-financing charitable model. The annual valuation of sustainable revenue and profit also allows us to better assess the effectiveness of our growth strategy.

The continuing success of our commercial operations in recent years has resulted in a significant uplift in their total valuation.

The table below confirms the requisite valuation targets associated with the Long-Term Incentive Plans (LTIP). Further details on these schemes is provided on page 11.

	2013–16	2014–17	2015–18
Original valuation at start of valuation period (£m)	131.1	155.3	178.8
Target 3 year growth (%)	23%	17%	16%
Target valuation (£m)	160.6	182.0	207.0
Maximum 3 year growth (%)	33%	23%	23%
Maximum valuation (£m)	174.5	191.0	219.0
Final valuation (£m)	202.6		
Actual 3 year growth (%)	55%		

Strategic report continued

MODERN SLAVERY

A requirement of the 2015 Modern Slavery Act is that organisations report on steps taken during the financial year to ensure that slavery and human trafficking is not taking place within the business or its supply chains. Our Modern Slavery Act statement will soon be available on our website.

THIRD PARTY RELATIONSHIPS

As highlighted in our 2015/16 Mid-Year review, we have been particularly mindful of the need to ensure that our commercial arrangements with third party providers do not create perceived conflicts with the organisation's overriding purpose to empower consumer choice. We have recently reviewed the relationships that the Group has with third parties where we receive a commission, referral fee or other cash or non-cash benefit for delivering a commercial service to consumers to ensure they provide a clear consumer benefit and are appropriately disclosed. We are satisfied that this is the case. Currently these are with Energylinx (data providers for Which? Switch), PriceRunner UK (providers of 'where to buy' links on which.co.uk), Lifesearch (life insurance referrals for Which? Mortgage Advisers), Shoosmiths (conveyancing partner), Runpath (data providers for Which? Money Compare) and Loans Warehouse (who Which? Mortgage Advisers refer to for second charge mortgages). We intend to document the principles we have in place to guide such relationships on our website.

BREXIT

As an independent, apolitical organisation, we did not take a position on the referendum and at present we have not seen any significant impact from the decision to leave the European Union. Given the uncertainty around the timing and shape of Brexit, we have undertaken a preliminary assessment of the likely impact for the Group and will continue to monitor the situation as it evolves. Following the vote, we launched a dedicated 'Brexit hub' on our website to give independent consumer advice amid the breadth of opinions.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Our approach to risk management has continued to evolve during the financial year with the Council and subsidiary boards' reassessment of entity-specific top risks and the development of a more sophisticated risk management framework. This has been designed to align risk management and the setting of risk appetite with the organisation's strategy as well as enhancing the understanding and reporting of consolidated risk across the group. Our focus for the next financial year will be on implementing this framework.

Across the Group, risk and compliance staff work with our other central services teams, to monitor our exposure and lead tried-and-tested review processes that help to identify, assess and mitigate risk. A detailed risk register is maintained for each entity as well as each of the new ventures and is consolidated at an overall Group level. Individual risks are discussed regularly at all levels across the Group to ensure that they are properly understood and mitigated where appropriate. Risk management itself continues to be a regular topic at Council and board meetings.

As outlined in the Business review, the Group undertakes a diverse set of activities and operates in a number of different sectors. Council and the subsidiary boards have determined that the following are the Group's principal risks associated with its strategy. These are subject to more regular monitoring to ensure that the agreed mitigating actions are sufficient to manage the risk:

- People and breadth of agenda: Availability of key resources, including people, affecting our ability to achieve critical priorities and adequately embed the benefits of the new organisational design.
- Consistently delivering against high standards: Extending and executing Group activities, including external research and editorial in a way that achieves the high standards set by CA and avoids conflicts of interest.
- Business model: Evolving and strengthening the core and newer businesses in order to defy a slowing overall publishing market, protect the business against significant competitor entry and diversify the Group's income streams.
- Digital strategy: Adapting our digital capabilities to meet our current and evolving digital needs.
- Card payment collection: Managing challenges in maintaining accurate payment information to secure subscriptions across a section of our membership.

Looking forward to 2016/17, we will continue to closely monitor activity within these areas and seek to mitigate these key risks where possible.

FUTURE PLANS

In our commercial businesses we anticipate that the upcoming financial year will revolve around further investment in the increasing digitisation of the tools and products we offer within the core publishing business, resolving card payment collection issues and continuing to drive our new ventures (Which? Mortgage Advice and Which? Trusted Traders), towards break-even and ongoing sustainable profitability.

As noted in the Mid-Year review we plan to complete Marylebone Road headquarters during the upcoming financial year, providing more office and conference space within a more modern environment that will better support collaborative working. We will also be implementing our new organisational design intended to maximise our consumer impact and better align our free and paid for information, advice, guidance, research and campaigning activities in line with our 'One Which?' approach and mission. We will update on our progress through our 2016/17 Mid-Year Review, which will be published early in 2017.

Promoting consumer interests

Everything Which? does is focused on promoting the interests of consumers, helping people to make confident choices, making complex issues easier to understand, and challenging others to change on the issues that matter. We are the largest independent consumer body in the UK, with more than 1.4 million members and supporters. This year, we have spent £12.8m on promoting consumers' interests delivering tangible public benefit, providing free help and advice, and campaigning for positive change.

PUBLIC BENEFIT HIGHLIGHTS

- This year, we launched eight new campaigns and achieved 60 wins for consumers across a wide range of our new and existing campaigns.
- Our voice was amplified by the national media, with Which? appearing on the front page of national newspapers 46 times and mentioned in Parliament 124 times.
- More than 705,000 people are now actively supporting our campaigns.
- Our campaigning TV advert led to over 105,000 mobile users signing up to the Telephone Preference Service using our new tool to protect them from the menace of nuisance calls.
- We have transformed our community website, Which? Conversation, and have seen engagement with the site increase tenfold.
- Following the re-design and relaunch of our free Which? Consumer Rights website in April, we have seen a 266% increase in downloads of our template letters.
- Which? University received a massive 6.2 million visits throughout the year, including more than 60,000 visits on A-level results day, making it our busiest day ever.
- Traffic to Which? Birth Choice has more than doubled this year, with the site now receiving 65,000 visits a month.
- With more than 600,000 visits to Which? Elderly Care, traffic to the site has risen by 152% this year.

OUR CAMPAIGNS

Which? campaigns with consumers to make change happen. Our campaigning this year has secured wins across markets including financial services, utilities, transport, public services and consumer rights. Our supporter base continues to grow rapidly, from 437,000 people last year to over 705,000 in June 2016. We aim to make consumers more powerful by campaigning with them and giving them the information, tools and support they need to bring about change for themselves.

In December, we used our legal powers to make a super-complaint to the rail regulator, asking them to investigate rail delay refunds and calling for action to make the process clearer and easier for all. More than 40,000 people signed our petition and joined us in calling on the train operators to improve compensation for delays. The campaign was also supported by several MPs who joined us at railway stations to press for change. The rail regulator agreed with us that millions of passengers were not getting the compensation they were owed and recommended a package of changes that the train companies would be required to implement. These included improving passenger communications, better staff training and ensuring there are clearer requirements on train companies.

Since launching our 'Give us broadband speed guaranteed' campaign, we've secured action by the regulator, Ofcom, allowing consumers to leave their broadband contract without penalty if their speeds are poor. The government also announced new legislation that will mean people are automatically compensated when things go wrong with their broadband service. The advertising regulator has also committed to exploring whether the way broadband speed is used in adverts is misleading to consumers; a key part of our campaign.

Our 'Safeguard us from Scams' campaign is calling on the government's Joint Fraud Taskforce to review how businesses take responsibility when their customers are scammed. We want the government to do more to put pressure on businesses to protect people from fraudsters' ever-more sophisticated tactics, rather than leave the onus on people to protect themselves. In May, we took our free Scams Advice Clinic on the road to raise awareness of what people can do to protect themselves from scams, and visited shopping centres to tell people about our campaign and give guidance to those wanting to learn more. Through the advice clinic, we reached over 25,000 consumers, distributing 6,500 advice booklets and hosting 126 expert one-to-one advice sessions.

Promoting consumer interests continued

EXTENDING OUR INFLUENCE

A big part of our work on behalf of consumers involves using our expertise and influence to lobby decision-makers and opinion-formers, and helping them understand what matters most to consumers.

This year, we opened an office in Brussels to extend our influence and ensure the voice of UK consumers continues to be heard on the continent. As an independent, apolitical organisation, Which? did not take a position on the referendum. However, following the vote for Britain to leave the European Union, we launched a dedicated 'Brexit hub' on our website to give independent consumer advice amid the storm of opinions.

We continue to engage directly with business to ensure the consumer voice is heard. Our work with the Council of Mortgage Lenders resulted in the rollout of a new 'tariff of mortgage fees' document to standardise the names and descriptions of the most common fees. This year, we also marked the 10th Annual Which? Awards ceremony by introducing a special 10th Anniversary Award. Samsung was chosen as the worthy winner, having won seven awards in ten years - more than any other company to date.

FREE INFORMATION AND ADVICE

Our free websites - Which? Consumer Rights, Which? Birth Choice, Which? University and Which? Elderly Care - each fill a gap in how information is provided to consumers, covering sectors where Which?'s independent advice can support consumers to make informed choices - as well as bringing new audiences to Which?.

This year, Which? Birth Choice has expanded its advice with the introduction of new content across an even broader range of topics, from choosing antenatal classes to preparing for a home birth. The site also continues to grow in profile, with the National Institute for Health and Care Excellence recommending our Birth Choice Tool as reference for healthcare professionals.

Which? Consumer Rights underwent a complete redesign and relaunch and is bringing a whole new audience to Which?, as we know that a large number of users (482,000 of them between October 2015 and March 2016) had never heard of Which? before visiting the site. The site is now also more closely integrated with our Campaigns and Which? Conversation websites, so people can directly support campaigns and participate without leaving the site.

Which? Elderly Care has recently teamed up with the Alzheimer's Society to share data across their directories, strengthening the number of care providers in our directory and helping us reach even more people through their Dementia Connect service. The site's Care Services Directory has been upgraded this year, and we have introduced a new Carers' Hub, designed to give practical and actionable information for family carers.

There was a record 6.2 million visits to Which? University and 955,000 course searches on the site over the year. We've also been teaming up with organisations such as UCAS, the Student Room and the National Apprenticeship Service to help us reach a wider audience and have attracted even younger audiences by enhancing our content on earlier education choices, including the launch of a new A-level Explorer tool.

Employees and remuneration

EMPLOYMENT AND REMUNERATION PRINCIPLES

We seek to ensure that all our employees across the organisation are paid fairly, with all staff paid at least the current national living wage.

We are an equal opportunity employer that values diversity and 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.

A Staff Association and Joint Union is recognised for the purposes of collective bargaining and consultation and also works 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.

Our senior executives are responsible for delivering high levels of commercial growth across the Group and ensuring that Which? remains true to its ethos of offering trustworthy consumer advice. To do this, we need to recruit high calibre people to the organisation and reward them appropriately. Our senior commercial executives' remuneration comprises salary and benefits, an annual bonus and a long-term incentive scheme, in line with principles set out in the Financial Reporting Council's UK Corporate Governance Code.

SETTING REMUNERATION

Council appoints a Remuneration Committee from its trustees plus the chairman of Which? Limited. The Committee makes independent recommendations for approval by Council on the remuneration for the Group Chief Executive and other executive directors, as well as the annual pay award for employees as a whole across the Group. The Remuneration Committee benchmarks our senior commercial team's pay against private sector salaries (based on independent data provided by Deloittes, a specialist in this field), and believe that we can generally recruit and retain senior executives at pay levels circa 20% below these levels. Remuneration for other roles across the organisation is set with reference to performance and salary ranges benchmarked against other comparable roles in similar companies and public sector organisations.

INCENTIVE PLANS

The Remuneration Committee is also responsible for the approval and monitoring of the in-year bonus scheme, and of the respective Long-Term Incentive Plan (LTIP) schemes. These schemes were set up in order to incentivise senior management to deliver transformational growth across our commercial businesses over the longer-term. The 2013–16 scheme, which matured this year, required a final valuation of at least £174.5m (total growth of over 33% over the period of the scheme) in order to deliver the maximum payout. As noted on page 7, the June 2016 valuation, carried out by independent consultants valued the commercial businesses at £202.6m, exceeding the maximum target by £28.1m and reflected actual growth over the three-year period of 55%.

As the valuation exceeded the maximum capped level of growth, a payment was due to the scheme members reflecting 100% of their commercial salaries for 2015/16. The Group CEO's role is split between charitable and commercial activities, but his LTIP is only based on his commercial role. The table overleaf summarises the 2013–16 scheme calculations, reflecting that LTIP amounts are earned over the period of the scheme but only paid out once the final valuations have been approved by the Remuneration Committee.

Employees and remuneration continued

2013-16 LTIP scheme

	2015/16 Basic Salary	Commercial %	2015/16 Commercial Salary	Provisionally Earned (not paid) in 2013/14	Provisionally Earned (not paid) in 2014/15	Provisionally Earned (not paid) in 2015/16	Total Earned over 3 Year Scheme*
	£'000	%	£'000				£'000
Peter Vicary-Smith (Group CEO)	235	70%	164	55	55	54	164
Chris Gardner (MD of Which? Publishing)	183	100%	183	61	61	61	183
Jacques Cadranel (Group Finance Director)	155	100%	155	52	52	51	155

* 50% of LTIP amounts earned related to 2013–16 scheme were paid in September 2016. Additionally, a payment was made to Kim Brosnan (former Talent Director) reflecting her being in the scheme for a proportion of its lifespan.

50% of the payments related to the 2013–16 scheme were made in September 2016. The remainder will be paid out after two years provided that the valuation at that point is no less than the target valuation of the scheme. As noted in the table on page 7, there are two further schemes in place to incentivise growth across the Group in subsequent years.

- 2014–17 scheme: This scheme, based on a Group valuation at June 2014, rewards individuals for delivering growth across the three years to June 2017. If the target valuation is achieved, the pay-out is 35% of the individual's commercial salary. The maximum that would be paid out is restricted to 70%, dependent on achieving extraordinary growth of 23% over the period. Payout would only take place following approval by the Remuneration Committee of the June 2017 external valuation.
- 2015–18 scheme: This scheme, based on a Group valuation at June 2015, rewards individuals for delivering growth across the three years to June 2018. If the target valuation is achieved, the pay-out is 35% of the individual's commercial salary. The maximum that would be paid out is restricted to 70%, dependent on achieving extraordinary growth of 23% over the period. Payout would only take place following approval by the Remuneration Committee of the June 2018 external valuation.

The Remuneration Committee has also in principle approved the 2016-19 scheme.

EXECUTIVE EMPLOYEE REMUNERATION

To account for the contrasting nature of his role, the reward for the Group Chief Executive comprises two elements; charitable and commercial. The charitable remuneration is benchmarked against similar charities and public sector bodies and accounts for 30% of his role. The commercial remuneration is benchmarked against similar commercial organisations.

A summary of total remuneration for executive employees for the year is provided below. Remuneration reflects the total employee benefit as disclosed in the salary bandings table on Page 25. Note that all figures in the table reflect amounts earned in the year rather than paid. The 2013–16 LTIP scheme table above reflects the amount provisionally earned to that particular scheme.

Executive employee benefits 2015/16

	Peter Vicary-Smith	Chris Gardner	Jacques Cadranel
	£'000	£'000	£'000
Basic salary	235	183	159
Allowances	35	29	17
Bonus	54	47	45
Pension	26	20	18
LTIP accrued**	125	151	139
Benefit-in-kind	15	11	1
Total remuneration	490	441	379

** Note that the LTIP accrued amount prudently reflects the provision of maximum payouts on the individual schemes.

Other information

CORPORATE SOCIAL RESPONSIBILITY

Which? continued in its efforts to become a more environmentally responsible organisation. The paper used in our magazines, accredited by the Pan European Forestry Commission (PEFC) was produced chlorine free, using timber from sustainable forests. The poly-bags that we used to wrap our magazines for despatch were biodegradable and whenever possible our customer mailings were delivered as 'sustainable mail', emphasising the need for subsequent recycling. In 2016, Which?'s use of poly was assessed with Which? magazine ranked joint first out of nine organisations within the publishing sector. We also continued where possible to remove unnecessary wastage from our production process.

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

BANKERS AND PROFESSIONAL ADVISERS

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

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

The independent valuation adviser is:
Smith & Williamson
25 Moorgate
London
EC2R 6AY

OTHER INFORMATION

The following information is contained elsewhere in the financial statements:

Net movement in funds	Page 16
Significant relationships, including political and charitable donations	Page 29
Council, Board & Committee members	Pages 38–39

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

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

(1) so far as the Council Trustee is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(2) the Council Trustee has taken all 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 auditors are 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 PricewaterhouseCoopers LLP will be proposed at the forthcoming Annual General Meeting.

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

Tim Gardam.

Tim Gardam
Council Chairman
2 Marylebone Road, London NW1 4DF
11 October 2016

Independent auditors' report

to the members of Consumers' Association

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

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

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 30 June 2016 and of the group's and parent charitable company's incoming resources and application of resources, including its income and expenditure and of the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the 2015/16 Financial Statements (the "Annual Report"), comprise:

- the group's and parent charitable Balance sheets as at 30 June 2016;
- the Consolidated statement of financial activities (incorporating a consolidated summary income and expenditure account) for the year then ended;
- the Consolidated cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Trustees' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the trustees

As explained more fully in the Trustees' Responsibilities Statement, the trustees 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

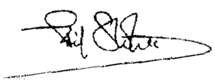
We conducted our audit in accordance with ISAs (UK & Ireland. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the 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.

We primarily focus our work in these areas by assessing the trustees' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Philip Stokes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 October 2016

Consolidated statement of financial activities

For the year ended 30 June 2016
Incorporating a consolidated income and expenditure account

	Notes	The Charity – Consumers' Association £'000	Subsidiaries £'000	Transactions between the companies (P&L or Reserves)* £'000	Group Total 2015/16 £'000	Group Total 2014/15 £'000
Income from						
Incoming from other trading activities:						
Other trading activities		–	100,473	–	100,473	100,054
Incoming from charitable activities:						
Research income		11,512	–	(11,415)	97	101
Investment income		629	10	–	639	759
Other income:						
Other income		21	–	–	21	17
Gift aid from subsidiary undertakings	19	15,000		(15,000)	–	–
Total income		27,162	100,483	(26,415)	101,230	100,931
Expenditure on						
Raising funds:						
Fundraising trading	2	–	(89,243)	11,415	(77,828)	(75,442)
Charitable activities:						
Consumer research	2	(11,512)	–	–	(11,512)	(11,029)
Promoting consumer interests	2	(12,798)	–	–	(12,798)	(12,241)
Total expenditure		(24,310)	(89,243)	11,415	(102,138)	(98,712)
Net gains on investments	10	2,629	–	–	2,629	2,182
Net incoming/(outgoing) resources before other comprehensive income		5,481	11,240	(15,000)	1,721	4,401
Other comprehensive income						
Currency translation difference on foreign currency net investments		–	–	–	–	9
Actuarial losses on defined benefit pension schemes	20	(4,900)	–	–	(4,900)	(1,000)
Net movement in funds	5	581	11,240	(15,000)	(3,179)	3,410
Reconciliation of funds						
Total funds brought forward at 1 July					52,451	49,041
Total funds carried forward at 30 June					49,272	52,451

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

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

Balance sheets

As at 30 June 2016

		Group		Consumers' Association	
		2016	2015	2016	2015
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	8	1,032	1,708	64	202
Tangible assets	9	17,658	12,373	17,518	12,135
Investments	10	35,812	39,705	35,812	39,705
Investments in subsidiary and associated undertakings	11	52	52	20,052	20,052
		54,554	53,838	73,446	72,094
Current assets					
Debtors	13	9,167	7,957	6,713	2,713
Cash at bank and in hand		11,769	11,603	(717)	1,326
		20,936	19,560	5,996	4,039
Creditors: Amounts falling due within one year	14	(17,232)	(17,996)	(6,273)	(9,494)
Net current assets/(liabilities)		3,704	1,564	(277)	(5,455)
Total assets less current liabilities		58,258	55,402	73,169	66,639
Creditors: Amounts falling due after more than one year	15	(1,749)	–	(1,749)	–
Provisions for liabilities and charges	16	(737)	(651)	–	–
Net assets before defined benefit pension scheme liability		55,772	54,751	71,420	66,639
Defined benefit pension scheme liability	20	(6,500)	(2,300)	(6,500)	(2,300)
Net assets		49,272	52,451	64,920	64,339
Accumulated surplus	19	55,476	55,106	71,091	66,962
Revaluation reserve	19	7,896	6,545	7,929	6,577
Pension reserve	19	(14,100)	(9,200)	(14,100)	(9,200)
Total unrestricted funds	19	49,272	52,451	64,920	64,339

The notes on page 19 to 37 are an integral part of these financial statements.
The financial statements on pages 16 to 37 of Consumers' Association (registered number 580128, charity number 296072) were approved by the Council of Trustees and authorised for issue on 11 October 2016. They were signed on its behalf by:

Tim Gardam.

Tim Gardam
Council Chairman

Consolidated cash flow statement

for the year ended 30 June 2016

	2015/16		2014/15	
	£'000	£'000	£'000	£'000
Cashflows from operating activities				
Net cash provided by operating activities (see below)		(2,878)		7,090
Cashflows from investing activities				
Income from investments	729		828	
Interest received	10		31	
Purchase of intangible assets	(301)		–	
Purchase of tangible assets	(5,665)		(1,001)	
Purchase of investments	(393)		(12,326)	
Sale of investments	5,487		4,724	
Net realised gain on sale of investments	1,278		602	
Decrease in deposits awaiting investment	150		1,185	
Net cash/(used in) investing activities		1,295		(5,957)
Cashflows from financing activites				
Cash inflows from new borrowings	1,749		–	
Net cash provided by financing activites		1,749		–
Change in cash and cash equivalents in the reporting year		166		1,133
Cash and cash equivalents at the beginning of the reporting year		11,603		10,461
Change in cash and cash equivalents due to exchange rate movements		–		9
Cash and cash equivalents at the end of the reporting year		11,769		11,603
Reconciliation of net movements in funds to net cash flow from operating activities				
Net movement in funds for the reporting year (as per the statement of financial activities)		1,721		4,401
Adjustments for:				
Amortisation charges		977		1,132
Depreciation charges		370		288
Impairment charges		5		347
Loss on disposal of tangible asset		5		–
Loss on disposal of investments in associated companies		–		9
(Increase)/decrease in debtors		(1,210)		227
(Decrease)/increase in creditors		(764)		5,112
Increase/(decrease) in provisions		86		(785)
Adjustment for pension funding		(700)		(600)
Interest received		(10)		(31)
Income from fixed asset investments		(729)		(828)
Net realised gain on sale of investments		(1,278)		(602)
Net unrealised gain on investments		(1,351)		(1,580)
Net cash (used in)/provided by operating activities		(2,878)		7,090

Notes to the financial statements

1 Principal accounting policies

Consumers' Association (CA) is a registered charity (No 296072) and 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.

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

A summary of the principal accounting policies have been set out below. These policies have been consistently applied to all years presented, unless otherwise stated. This is the first year in which the financial statements have been prepared under FRS 102. See note 21 for an explanation of the transition.

BASIS OF ACCOUNTING

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

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

CA has taken advantage of the following exemptions:

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

BASIS OF CONSOLIDATION

The Group financial statements consolidate the financial statements of all Group companies for the year to 30 June 2016 with the statement of financial activities (SOFA) and balance sheet being consolidated on a line-by-line basis. Transactions between group companies are eliminated on consolidation in the SOFA.

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

INCOME

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

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

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

EXPENDITURE

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

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

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

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

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

1 Principal accounting policies continued

INTANGIBLE ASSETS

Software costs that were previously classified as tangible assets under UK GAAP have now been reclassified as intangible assets under FRS 102.

Intangible assets are measured at cost less accumulated amortisation and any provision for impairment. Amortisation is calculated on assets in order to write off their cost less residual value in equal instalments over their estimated useful lives. Software development costs are recognised as an intangible asset when the cost exceeds £10,000 and are considered to have a useful life of at least two years.

An impairment review is conducted on an annual basis and any asset found to have a carrying value materially higher than its recoverable amount is written down accordingly. Asset lives are estimated as follows:

- Software: 2-5 years

TANGIBLE ASSETS

All tangible assets are held at cost less accumulated depreciation and any provision for impairment. Depreciation is calculated on assets in order to write off their cost less residual value in equal instalments over their estimated useful lives. Assets are capitalised if the cost exceeds £10,000 and they are considered to have a useful life of at least two years. An impairment review is conducted on an annual basis and any asset found to have a carrying value materially higher than its recoverable amount is written down accordingly.

Asset lives are estimated as follows:

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

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

INVESTMENTS

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

INVESTMENTS IN SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

Investments in subsidiary and associated companies are valued at cost. 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.

PROVISIONS

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefit will be required to settle the obligation. The provision in the Group financial statements relates to the Long-Term Incentive Plan schemes.

BORROWING COSTS

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

FINANCIAL INSTRUMENTS

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

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

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

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

DEBTORS

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

CASH AND CASH EQUIVALENTS

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

RELATED PARTY TRANSACTIONS

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

EMPLOYEE BENEFITS

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

PENSION COSTS

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

1 Principal accounting policies continued

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

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

The actuarial valuations are obtained at least triennially and are updated for FRS 102 purposes at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax is presented separately 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.

LONG-TERM INCENTIVE PLAN (LTIP)

The company operates cash-settled LTIP at an operating business level for certain members of management. The plans are based on the business performance over a three year period against a variety of measures. A liability for the plan is raised on the estimated amount payable.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

The Group has to make judgements in applying its accounting policies which affect the amounts recognised in the accounts. In addition, estimates and assumptions are made that could affect the reported amounts of assets and liabilities within the financial year. The most significant areas where judgement and estimates are disclosed are in the following notes:

- Useful life of assets: notes 8 and 9.
- Long-Term Incentive Plan (LTIP) provisions: note 16.
- Pension costs: note 20.

OPERATING LEASES

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

FOREIGN EXCHANGE

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

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

IRRECOVERABLE VAT

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

TAXATION

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

Deferred taxation in the subsidiary is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of incoming resources and resources expended in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

GOING-CONCERN

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

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

2 Total expenditure

	Notes	Direct costs £'000	Support costs £'000	Total 2015/16 £'000	Total 2014/15 £'000
Raising funds					
Cost of sales		(28,499)	–	(28,499)	(27,404)
Distribution costs		(8,575)	–	(8,575)	(8,292)
Other trading expenditure	3	(29,529)	(11,225)	(40,754)	(39,746)
Total fundraising trading		(66,603)	(11,225)	(77,828)	(75,442)
Charitable activities					
Consumer research	3	(8,970)	(2,542)	(11,512)	(11,029)
Promoting consumer interests	3	(10,564)	(2,234)	(12,798)	(12,241)
		(19,534)	(4,776)	(24,310)	(23,270)
Total expenditure		(86,137)	(16,001)	(102,138)	(98,712)

3 Support costs

	Management £'000	Finance & Legal £'000	Information Technology £'000	Human Resources £'000	Direct Support costs £'000	Total 2015/16 £'000	Total 2014/15 £'000
Raising funds							
Other trading expenditure	(269)	(1,851)	(3,139)	(3,992)	(1,974)	(11,225)	(11,030)
Charitable activities							
Consumer research	(336)	(529)	(415)	(672)	(590)	(2,542)	(2,686)
Promoting consumer interests	(295)	(465)	(365)	(591)	(518)	(2,234)	(2,712)
	(631)	(994)	(780)	(1,263)	(1,108)	(4,776)	(5,398)
Total expenditure	(900)	(2,845)	(3,919)	(5,255)	(3,082)	(16,001)	(16,428)

4 Results from trading activities of subsidiaries

	Which? Limited 2015/16 £'000	Which? Financial Services Limited 2015/16 £'000	Other subsidiaries 2015/16 £'000
Turnover	96,341	4,698	–
Other net expenditure	(81,745)	(8,031)	(22)
Retained profit/(loss) for the year	14,596	(3,333)	(22)
Balance sheet			
Total assets	37,093	2,545	14
Total liabilities	(14,789)	(1,723)	(784)
Total funds/(deficit)	22,304	822	(770)

Which? Limited provides education, information and advice to the benefit of consumers through the Which? subscription and other media and also delivers the Which? Trusted Trader and Which? Legal services, while Which? Financial Services Limited provides a mortgage broking service. Both Which? International Limited and Yellowfin Holdings Limited are holding companies and have been combined as their transactions are not material.

5 Net movement in funds

	2015/16 £'000	2014/15 £'000
Net movement of funds is stated after charging		
Amortisation on intangible assets	977	1,132
Depreciation of tangible assets	370	288
Impairment of tangible assets	5	347
Loss on disposal of tangible asset	5	–
Loss on disposal of investments in associated companies	–	9
Loss on foreign exchange	46	1
Expenses of the Council of Trustees (detailed in the Council of Trustees Report)*	13	8
Cost of liability insurance for Council of Trustees	4	4
Payment under operating leases charged to the SOFA:	651	387
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	32	22
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	74
Total audit fees	79	96
Tax services	15	15
Other services	21	32
Total non-audit fees	36	47

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

6 Employees

	Charitable £'000	Commercial £'000	Total 2015/16 £'000	Total 2014/15 £'000
Employee costs during the year amounted to:				
Salaries and wages	8,738	20,100	28,838	28,293
Social security	1,007	2,348	3,355	3,252
Pension costs - Defined benefits	219	256	475	342
Pension costs - Defined contribution	610	1,370	1,980	1,924
Long-Term Incentive Plan	–	415	415	1,455
Compensation for loss of office	145	321	466	668
Benefits in kind	100	360	460	623
Total	10,819	25,170	35,989	36,557

The average monthly number of employees of the Group during the year was:	Charitable number of employees	Commercial number of employees	Total 2015/16 number of employees	Total 2014/15 number of employees
Consumer research	92	–	92	87
Promoting consumer interests	81	–	81	89
Support activities*	29	58	87	96
Trading activities	–	408	408	388
Total	202	466	668	660

* Staff who provide support activities were allocated across charitable and commercial activity.

Key employees **Employee costs during the year amounted to:**	Charitable £'000	Commercial £'000	Total 2015/16 £'000	Total 2014/15 £'000
Salaries and wages	456	982	1,438	1,639
Pension costs - Defined benefits	36	32	68	42
Pension costs - Defined contribution	18	23	41	76
Long-Term Incentive Plan	–	415	415	1,203
Compensation for loss of office	112	112	224	31
Benefits in kind	7	23	30	24
Total	629	1,587	2,216	3,015

Key employees included members of the Corporate Management Team. Also included within this disclosure are costs related to non-executive directors across the Group.

6 Employees continued

The numbers of employees of the Group who received employee benefits in excess of £60,000 in the year were:

	Charitable number of employees 2015/16	Commercial number of employees 2015/16
£60,001–£70,000 34 (2014/15: 36) employees	10.4	23.6
£70,001–£80,000 26 (2014/15: 17) employees	9.9	16.1
£80,001–£90,000 17 (2014/15: 17) employees	4.2	12.8
£90,001–£100,000 7 (2014/15: 9) employees	1.3	5.7
£100,001–£110,000 4 (2014/15: 5) employees	1.3	2.7
£110,001–£120,000 2 (2014/15: 1) employees	1.0	1.0
£120,001–£130,000 1 (2014/15: 3) employees	0.3	0.7
£130,001–£140,000 2 (2014/15: 3) employees	1.0	1.0
£140,001–£150,000 1 (2014/15: –) employees	–	1.0
£150,001–£160,000 1 (2014/15: 2) employees	–	1.0
£160,001–£170,000 2 (2014/15: 2) employees	0.6	1.4
£170,001–£180,000 2 (2014/15: –) employees	–	2.0
£180,001–£190,000 – (2014/15: 1) employees	–	–
£190,001–£200,000 1 (2014/15: –) employees	–	1.0
£200,001–£210,000 1 (2014/15: 1) employees	–	1.0
£210,001–£220,000 1 (2014/15: –) employees	–	1.0
£220,001–£230,000 1 (2014/15: 1) employees	1.0	–
£240,001–£250,000 – (2014/15: 1) employees	–	–
£270,001–£280,000 – (2014/15: 1) employees	–	–
£300,001–£310,000 – (2014/15: 1) employees	–	–
£370,001–£380,000 1 (2014/15: –) employees	–	1.0
£440,001–£450,000 2 (2014/15: –) employees	0.5	1.5
£480,001–£490,000 1 (2014/15: –) employees	0.3	0.7
£530,001–£540,000 – (2014/15: 1) employees	–	–
£560,001–£570,000 – (2014/15: 1) employees	–	–
£640,001–£650,000 – (2014/15: 1) employees	–	–
£690,001–£700,000 – (2014/15: 1) employees	–	–

Under the new Charities SORP, the above table now reflects employee benefits (rather than emoluments). Employee benefits include all salaries, bonuses, pension contributions and amounts charged that relate to Long-Term Incentive Plans plus any termination payments. All comparative numbers have been updated to present a like-for-like comparison.

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

The highest paid employee in the year across the Group was the Group Chief Executive. Further details of his remuneration is provided in the Council of Trustees' report on page 12.

7 Taxation

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

8 Intangible assets

	Group		Consumers' Association	
	Software	Total	Software	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 July 2015	5,318	5,318	694	694
Additions	301	301	–	–
Disposals	(47)	(47)	(47)	(47)
At 30 June 2016	5,572	5,572	647	647
Amortisation				
At 1 July 2015	3,610	3,610	492	492
Amortisation charged	977	977	138	138
Disposals	(47)	(47)	(47)	(47)
At 30 June 2016	4,540	4,540	583	583
Net book value				
At 30 June 2015	1,708	1,708	202	202
At 30 June 2016	1,032	1,032	64	64

The main asset included in software for the Group is the Customer Management System. This asset has a net book value of £657,000 and an amortisation charge in the SOFA of £827,000.

9 Tangible assets

	Freehold land & buildings £'000	Long-term leasehold premises £'000	Fixtures fittings & equipment £'000	Construction in progress £'000	Total £'000
Group					
Cost or valuation					
At 1 July 2015	2,912	13,900	1,950	583	19,345
Additions	–	–	502	5,163	5,665
Disposals	–	–	(43)	–	(43)
At 30 June 2016	2,912	13,900	2,409	5,746	24,967
Depreciation					
At 1 July 2015	663	4,830	1,479	–	6,972
Depreciation charged	39	98	233	–	370
Impairment	–	–	5	–	5
Disposals	–	–	(38)	–	(38)
At 30 June 2016	702	4,928	1,679	–	7,309
Net book value					
At 30 June 2015	2,249	9,070	471	583	12,373
At 30 June 2016	2,210	8,972	730	5,746	17,658

	Freehold land & buildings £'000	Long-term leasehold premises £'000	Fixtures fittings & equipment £'000	Construction in progress £'000	Total £'000
Consumers' Association					
Cost or valuation					
At 1 July 2015	2,912	13,900	1,525	583	18,920
Additions	–	–	492	5,163	5,655
Disposals	–	–	(29)	–	(29)
At 30 June 2016	2,912	13,900	1,988	5,746	24,546
Depreciation					
At 1 July 2015	663	4,830	1,292	–	6,785
Depreciation charged	39	98	130	–	267
Impairments	–	–	5	–	5
Disposals	–	–	(29)	–	(29)
At 30 June 2016	702	4,928	1,398	–	7,028
Net book value					
At 30 June 2015	2,249	9,070	233	583	12,135
At 30 June 2016	2,210	8,972	590	5,746	17,518

'Freehold land and buildings' represents Consumers' Association's property at Gascoyne Way, Hertford. This includes land with a cost of £1,550,000 (2015: £1,550,000) which is not depreciated.

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

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

10 Investments

	Deposits awaiting investment £'000	Market value of authorised UK unit trusts £'000	Total £'000
Balance at 1 July 2015	150	39,555	39,705
Income from investments	729	–	729
Purchases during the year	(393)	393	–
Sales during the year	6,765	(6,765)	–
Cash withdrawal	(7,251)	–	(7,251)
Realised gain on investments	–	1,278	1,278
Unrealised gains on investments	–	1,351	1,351
Balance at 30 June 2016	–	35,812	35,812
Historical cost			
At 30 June 2015		33,155	
At 30 June 2016		28,061	

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

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

Ishares MSCI World	44.2%
Ishares Core MSCI World UCITS ETF	16.4%
Charities Property Fund	13.4%
Ishares Markit Iboxx GBP	9.8%
Ishares 1-5YR UCITS GB	9.2%

11 Investments in subsidiary and associated undertakings

Subsidiary undertakings	Holding	Proportion owned	Principal activity
Direct holdings of CA			
Which? Limited	Ordinary shares	100%	Publishing
Indirect holdings of CA			
Which? International Limited	Ordinary shares	100%	Holding company
Yellowfin Holdings Limited (Mauritius)	Ordinary shares	100%	Holding company
BGG Information Private Limited (India)	Ordinary shares	100%	No longer trading
Which? Financial Services Limited	Ordinary shares	100%	Mortgage broking
Which? Legal Limited	Ordinary shares	100%	Not yet trading
Other investments			
Direct holdings of CA			
International Consumer Research and Testing Limited	'A' Ordinary shares	17%	Consumer research on international basis

Shares in subsidiary and associated companies	Group £'000	Consumers' Association £'000
Cost and net book value		
At 1 July 2015	52	20,052
Disposals	–	–
At 30 June 2016	52	20,052

12 Relationships

POLITICAL AND CHARITABLE CONTRIBUTIONS AND RELATED PARTY TRANSACTIONS

No political donations were made during the year (2014/15: £nil). Total charitable donations to organisations outside the Group but with purposes consistent with those of CA were £195,000 (2014/15: £150,000).

INTERNATIONAL CONSUMER RESEARCH AND TESTING LIMITED (ICRT)

During the year, Consumers' Association paid £93,728 (2014/15: £96,246) in membership fees to ICRT. In addition, a further £730,223 (2014/15: £571,646) was paid in respect of commission for work secured through the offices of ICRT. ICRT has one director in common with Which? Limited. The amount payable to ICRT at 30 June 2016 was £29,000 (30 June 2015: £196,845).

CONSUMERS INTERNATIONAL (CI)

Throughout the year, Consumers' Association was a member of CI, the international federation of consumer organisations. Consumers' Association contributes a significant proportion of CI's non-grant income and a CA employee serves on the governing council of CI. During the year Consumers' Association paid £382,632 (2014/15: £386,392) in membership fees.

BUREAU EUROPÉEN DES UNIONS DE CONSOMMATEURS (BEUC)

Throughout the year, Consumers' Association was a member of BEUC, the pan-European federation of consumer organisations. Consumers' Association contributes a significant proportion of BEUC's non-grant income. During the year, Consumers' Association paid £210,671 (2014/15: £384,968) in membership fees.

NEW CITY AGENDA

The Group made a donation of £50,000 during the year to the financial services think tank and forum, New City Agenda (2014/15: £50,000) as a general grant towards independent research funding. During the year a director of Which? Limited served as an advisory group member on the board of New City Agenda.

COUNCIL MEMBERS

There were no material transactions with Council members, their close families or parties with whom Council members are related, other than those disclosed above as per the definition of the related party accounting standard. Council members do not receive any payment for their services (2014/15: £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 Debtors

	Group		Consumers' Association	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Trade debtors	771	535	8	19
Amount due from Group undertakings	–	–	4,141	1,235
Other debtors	2,159	1,493	1,705	885
Prepayments and accrued income	2,676	2,225	859	574
Accrued subscriptions	3,561	3,704	–	–
Total debtors	9,167	7,957	6,713	2,713

Amounts due from group undertakings are repayable on demand, unsecured, and have no fixed date of repayment and are interest-free loans due to the nature of trading and short-term settlement.

14 Creditors: Amounts falling due within one year

	Group		Consumers' Association	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Trade creditors	7,083	5,996	3,600	2,352
Amount owed to group undertakings	–	–	–	4,337
Taxation and social security	840	977	375	423
Other creditors	265	26	260	17
Accruals and deferred income	5,597	7,792	2,038	2,365
Subscriptions received in advance	3,447	3,205	–	–
Total creditors (less than one year)	17,232	17,996	6,273	9,494

Amounts due to group undertakings are repayable on demand, unsecured, and have no fixed date of repayment and are interest-free loans due to the nature of trading and short-term settlement.

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15 Creditors: Amounts falling due after more than one year

	Group		Consumers' Association	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Mortgage loan	1,749	–	1,749	–
At 30 June	1,749	–	1,749	–

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

16 Provisions for liabilities and charges

	Group	Consumers' Association
	£'000	£'000
Provision for Long-Term Incentive Plan		
At 1 July 2015	651	–
Provided for in year	473	–
Transferred to current liabilities (note 14)	(387)	–
At 30 June 2016	737	–

Long-Term Incentive Plans have been introduced to ensure that senior employees are appropriately incentivised to deliver transformational commercial growth and long-term success for the Group. The charge in year of £473,000 (2014/15: £1,455,000) reflected the exceptional growth in value of the Group as confirmed by independent valuation experts and as a result reflects one third of the maximum pay-out on the relevant schemes (2013–16, 2014–17 & 2015–18). The transfer to current liabilities reflects 50% of the 2013–16 scheme becoming due for payout within one year of the balance sheet date. More details on this scheme are disclosed in the employees section of the Council of Trustees' Report on page 11.

17 Financial commitments

	Operating leases (Combined)			
	Group		Consumers' Association	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Expiring within one year	424	348	258	199
Expiring between two and five years	1,582	1,592	910	910
Expiring after five years	14,314	14,772	13,982	14,292
Total commitment	16,320	16,712	15,150	15,401

The disclosure above reflects the total (rather than annual) commitment.
The majority of the total commitment relates to the lease on the building at 2 Marylebone Road, London.

18 Financial instruments

The Group has the following financial instruments:

	Notes	Group 2016 £'000	Group 2015 £'000
Investments	10	35,812	39,705
Trade debtors	13	771	535
Other debtors	13	2,159	1,493
Accrued subscriptions	13	3,561	3,704
Financial assets		42,303	45,437

The above represent financial assets that are debt instruments measured at amortised cost (except investments which are measured at fair value through income and expenditure).

	Notes	Group 2016 £'000	Group 2015 £'000
Trade creditors	14	7,083	5,996
Other creditors	14	265	26
Accruals	14	5,577	7,781
Subscriptions received in advance	14	3,447	3,205
Mortgage loan	15	1,749	–
Financial liabilities		18,121	17,008

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

19 Statement of movement of funds during the year

	Accumulated surplus* 2015/16 £'000	Revaluation reserve 2015/16 £'000	Pension reserve 2015/16 £'000	Group funds 2015/16 £'000	Group funds 2014/15 £'000
Balance at 1 July	55,106	6,545	(9,200)	52,451	49,041
Net (outgoing)/incoming resources before net gains on investments	(908)	–	–	(908)	2,219
Revaluation of investment assets (note 10)	–	1,351	–	1,351	1,580
Realised gains on investments	1,278	–	–	1,278	602
Revaluation of monetary assets and liabilities	–	–	–	–	9
Actuarial losses on defined benefit pension schemes	–	–	(4,900)	(4,900)	(1,000)
Balance at 30 June	55,476	7,896	(14,100)	49,272	52,451

* The accumulated surplus is analysed in the table below.

	Unrestricted charity funds 2015/16 £'000	Accumulated deficit of trading subsidiaries 2015/16 £'000	Consolidation adjustments 2015/16 £'000	Total 2015/16 £'000
Balance at 1 July	66,962	7,144	(19,000)	55,106
Net incoming/(outgoing) resources	2,851	11,241	(15,000)	(908)
Realised gains on investments	1,278	–	–	1,278
Gift aid distributions paid from subsidiaries to charity	–	(15,000)	15,000	–
Balance at 30 June	71,091	3,385	(19,000)	55,476

20 Staff pensions

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

The assets of the scheme are held separately from those of the employer and are invested on behalf of scheme members by the scheme trustees.

The valuation used for FRS 102 disclosures has been based on the most recent actuarial valuation as at 31 March 2015 and updated by an independent qualified actuary employed by Punter Southall & Co to take account of the requirements of FRS 102 in order to assess the liabilities of the scheme at 30 June 2016. The calculations have been based on membership data as at 31 March 2016.

Scheme assets are stated at their market value at 30 June 2016, 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 FRS 102 the pension scheme deficit is recognised in full on the balance sheet.

The hybrid section was closed to new entrants from 1 April 2004. Under the current Schedule of Contributions dated 24 June 2016, contributions to the hybrid section (including both employer and employee contributions) for the year beginning 1 July 2016 are expected to be £1.7m. This figure includes employee contributions of £0.1m and employers contributions of £1.6m, of which approximately £1.1m relates to deficit reduction contributions.

		2016	2015
Assumptions			
The major assumptions used by the actuary to calculate the scheme under FRS 102 were (in nominal terms):			
Rate of increase in pensionable salaries		3.1%	3.4%
Rate of increase in pensions in payment – RPI linked		3.1%	3.4%
Discount rate		3.3%	4.0%
Inflation assumption (RPI)		3.1%	3.4%
Inflation assumption (CPI)		2.3%	2.6%
Rate of revaluation of pensions in deferment		2.3%	2.6%
Return on money purchase underpin fund		7.0%	7.0%
Assumed life expectancies on retirement at age 65 are:			
Retiring today	Males	23.6	22.5
	Females	24.8	24.6
Retiring in 20 years time	Males	25.2	23.8
	Females	26.6	26.1

The assets in the scheme were:	**Value at 30 June 2016** £m	**Value at 30 June 2015** £m
Equities and property	44.8	45.5
Bonds and cash	35.7	29.7
With-profits fund	37.8	36.0
Fair value of scheme assets	118.3	111.2
The scheme does not hold any ordinary shares issued or property occupied by Consumers' Association		
The actual return on assets over the year was	8.8	9.4

Net pension liability **The amounts recognised in the balance sheet are as follows:**	**2016** £m	**2015** £m
Present value of funded obligations	(124.8)	(113.5)
Fair value of scheme assets	118.3	111.2
Net pension liability	(6.5)	(2.3)

20 Staff pensions continued

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	2016 £m	2015 £m
Benefit obligation at beginning of year	113.5	105.1
Current service cost	0.4	0.4
Interest cost	4.5	4.6
Contributions by scheme participants	0.1	0.1
Actuarial loss	9.3	5.9
Benefits paid	(3.0)	(2.6)
Benefit obligation at end of year	124.8	113.5

Reconciliation of opening and closing balances of the fair value of the scheme assets	2016 £m	2015 £m
Fair value of scheme assets at beginning of year	111.2	103.2
Interest income on scheme assets	4.4	4.5
Return on assets, excluding interest income	4.4	4.9
Contributions by employers	1.2	1.1
Contributions by scheme participants	0.1	0.1
Benefits paid	(3.0)	(2.6)
Fair value of scheme assets at end of year	118.3	111.2

Amount recognised in profit or loss:	2016 £m	2015 £m
Service cost	0.4	0.4
Net interest on the net defined benefit liability	0.1	0.1
Total expense	0.5	0.5

Remeasurement of the net defined benefit liability to be shown in other comprehensive income (OCI):	2016 £m	2015 £m
Actuarial losses on the liabilities	(9.3)	(5.9)
Return on assets, excluding interest income	4.4	4.9
Total remeasurement of the net defined benefit liability to be shown in OCI	(4.9)	(1.0)

21 Transition to FRS 102

This is the first year that the Group and Charity has presented results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 30 June 2015. The date of transition to FRS 102 was 1 July 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 30 June 2015 and the total equity as at 1 July 2014 and 30 June 2015 between UK GAAP as previously reported and FRS 102.

a) Consolidated Statement of Financial Activities

	Notes	Group total previously stated 2014/15 £'000	Effect of transition £'000	Restated Group total 2014/15 £'000
Income from				
Incoming from other trading activities:				
Other trading activities		100,054	–	100,054
Incoming from charitable activities:				
Research income		101	–	101
Investment income	B	2,659	(1,900)	759
Other income		17	–	17
Total income		102,831	(1,900)	100,931
Expenditure on				
Raising funds:				
Fundraising trading	A	(75,425)	(17)	(75,442)
Charitable activities:				
Consumer research	D	(10,804)	(225)	(11,029)
Promoting consumer interests	D	(11,992)	(249)	(12,241)
Governance costs	D	(474)	474	–
Total expenditure		(98,695)	(17)	(98,712)
Net gains on investment assets	D	–	2,182	2,182
Net incoming resources before other comprehensive income		4,136	265	4,401
Other comprehensive income				
Net gains on investment assets	D	2,182	(2,182)	–
Currency translations difference on foreign currency net investments		9	–	9
Actuarial losses on defined benefit pension schemes	B	(2,900)	1,900	(1,000)
Net movement in funds		3,427	(17)	3,410
Reconciliation of funds				
Total funds brought forward at 1 July	A	49,513	(472)	49,041
Total funds carried forward at 30 June		52,940	(489)	52,451

b) Balance sheet

Restated balance sheet of Group

		At 1 July 2014			At 30 June 2015		
		As previously stated	Effect of transition	FRS 102 (as restated)	As previously stated	Effect of transition	FRS 102 (as restated)
	Notes	£'000		£'000	£'000		£'000
Fixed assets							
Intangible assets	C	–	2,525	2,525	–	1,708	1,708
Tangible assets	C	14,847	(2,525)	12,322	14,081	(1,708)	12,373
Investments		31,708	–	31,708	39,705	–	39,705
Investments in subsidiary and associated undertakings		61	–	61	52	–	52
		46,616	–	46,616	53,838	–	53,838
Current assets							
Debtors		8,184	–	8,184	7,957	–	7,957
Cash at bank and in hand		10,461	–	10,461	11,603	–	11,603
		18,645	–	18,645	19,560	–	19,560
Creditors: Amounts falling due within one year	A	(12,412)	(472)	(12,884)	(17,507)	(489)	(17,996)
Net current assets/(liabilities)		6,233	(472)	5,761	2,053	(489)	1,564
Total assets less current liabilities		52,849	(472)	52,377	55,891	(489)	55,402
Creditors: Amounts falling due after more than one year							
Provisions for liabilities and charges		(1,436)	–	(1,436)	(651)	–	(651)
Net Assets before defined pensions liability		51,413	(472)	50,941	55,240	(489)	54,751
Defined benefit pension scheme liability		(1,900)	–	(1,900)	(2,300)	–	(2,300)
Net assets		49,513	(472)	49,041	52,940	(489)	52,451
Accumulated surplus	A, B	52,757	(472)	52,285	57,495	(2,389)	55,106
Revaluation reserve		4,956	–	4,956	6,545	–	6,545
Pension reserve	B	(8,200)	–	(8,200)	(11,100)	1,900	(9,200)
Total unrestricted funds		49,513	(472)	49,041	52,940	(489)	52,451

Restated balance sheet of Consumers' Association

		At 1 July 2014			At 30 June 2015		
		As previously stated	Effect of transition	FRS 102 (as restated)	As previously stated	Effect of transition	FRS 102 (as restated)
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Fixed assets							
Intangible assets	C	–	192	192	–	202	202
Tangible assets	C	11,960	(192)	11,768	12,337	(202)	12,135
Investments		31,708	–	31,708	39,705	–	39,705
Investments in subsidiary and associated undertakings		20,052	–	20,052	20,052	–	20,052
		63,720	–	63,720	72,094	–	72,094
Current assets							
Debtors		11,291	–	11,291	2,713	–	2,713
Cash at bank and in hand		662	–	662	1,326	–	1,326
		11,953	–	11,953	4,039	–	4,039
Creditors: Amounts falling due within one year	A	(3,677)	(270)	(3,947)	(9,229)	(265)	(9,494)
Net current assets/(liabilities)		8,276	(270)	8,006	(5,190)	(265)	(5,455)
Total assets less current liabilities		71,996	(270)	71,726	66,904	(265)	66,639
Defined benefit pension scheme liability		(1,900)	–	(1,900)	(2,300)	–	(2,300)
Net assets		70,096	(270)	69,826	64,604	(265)	64,339
Accumulated surplus	A, B	73,299	(270)	73,029	69,127	(2,165)	66,962
Revaluation reserve		4,997	–	4,997	6,577	–	6,577
Pension reserve	B	(8,200)	–	(8,200)	(11,100)	1,900	(9,200)
Total unrestricted funds		70,096	(270)	69,826	64,604	(265)	64,339

c) Statement of movement of funds during the year

	Notes	Group Total previously stated £'000	Effect of transition £'000	Group Total restated £'000
Balance at 1 July 2014	A	49,513	(472)	49,041
Net incoming resources	A, B	4,136	(1,917)	2,219
Revaluation of investment assets		1,580	–	1,580
Realised gains on investments		602	–	602
Revaluation of monetary assets and liabilities		9	–	9
Actuarial losses on definied benefit pension schemes	B	(2,900)	1,900	(1,000)
Balance at 30 June 2015		52,940	(489)	52,451

A Holiday pay accrual

FRS 102 requires short term employee benefits to be charged to the SOFA as the employee service is received (previously holiday pay accruals were only charged to the SOFA as they were paid). This has resulted in the Group recognising a liability for holiday pay of £472,000 on transition to FRS 102 at 1 July 2014, In the year to 30 June 2015 an additional charge of £17,000 was recognised in the SOFA and the liability at 30 June 2015 was £489,000.

B Defined benefit scheme

Under previous UK GAAP the Group recognised an expected return on defined benefit plan assets in the SOFA. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in the SOFA. There has been no change in the defined benefit liability at either 1 July 2014 or 30 June 2015. The effect of the change has been to reduce the credit to the SOFA in the year to 30 June 2015 by £1,900,000 and increase the credit in other comprehensive income by an equivalent amount.

C Intangible assets

Computer software, with a net book value of £1,708,000 at 30 June 2015, has been reclassified from tangible to intangible assets as required under FRS 102. This has no effect on the Group's net assets nor on the profit for the year, except that the previous depreciation charge is now described as amortisation.

D SOFA presentation

The Group's SOFA statement reflects the presentation requirements of FRS 102, which is different to that prepared under old UK GAAP. Governance costs are no longer presented on the face of the SOFA and have been included in support costs. Also net gains on investment assets is now included as part of other comprehensive income. This has no effect on the Group's profit for the year.

E Statement of cashflows

The Group's cash flow statement reflects the presentational requirements of FRS 102, which is different to that prepared under old UK GAAP.

22 Liability of members

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

2015/16 Council, Board & Committee membership

Council members

Attendance/number of meetings in the year	5
Patrick Barwise (Chair) (until 18 November 2015)	1 / 1
Tim Gardam (Chair) (from 18 November 2015)	4 / 4
Mark Addison CB (until 26 January 2016)	2 / 2
Shirley Bailey-Wood MBE (from 26 January 2016)	3 / 3
Dan Bogler (until 15 March 2016)	3 / 4
Tony Burton OBE	5 / 5
Jeanie Cruickshank	5 / 5
Sharon Darcy	4 / 5
Melanie Fuller (from 26 January 2016)	1 / 3*
Donald Grant (from 26 January 2016)	3 / 3
Harriet Kimbell MBE (until 26 January 2016)	2 / 2
Jennifer Oscroft (Deputy Chair)	5 / 5
Peter Shears	5 / 5
Jonathan Thompson (from 1 December 2015)	4 / 4
Michael Tye (from 1 December 2015)	4 / 4
Anna Walker CB	5 / 5
Tony Ward OBE (Deputy Chair)	5 / 5
Chris Willett	5 / 5

* Absence due to exceptional circumstances

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).

Which? Limited Board

Attendance/number of meetings in the year	8
Mike Clasper CBE (Chair)	8 / 8
Patrick Barwise (until 18 November 2015)	2 / 2
Jacques Cadranel (Group Finance Director)	8 / 8
Deborah Davis	7 / 8
Chris Gardner (Managing Director of Which? Publishing)	8 / 8
Julie Harris (from 17 September 2015)	7 / 8
Ian Hudson (from 1 November 2015)	6 / 6
Andrew Mullins (until 29 February 2016)	1 / 4
Peter Vicary-Smith (Group Chief Executive)	8 / 8
Kevin Wall	7 / 8
Tony Ward OBE	7 / 8

Which? Financial Services Limited Board

Attendance/number of meetings in the year	8
Michael Barley (Chair)	8 / 8
Jacques Cadranel	7 / 8
Nick Castro	8 / 8
Brian Cole (from 2 July 2015)	6 / 8
Chris Gardner	7 / 8
Mike Lawton	8 / 8
Jan Smith (from 1 November 2015)	3 / 5
Paul Smith	8 / 8
Peter Vicary-Smith (until 15 September 2016)	7 / 8

Group Audit Committee

Attendance/number of meetings in the year	3
Nick Castro (Chair)	3 / 3
Sharon Darcy	3 / 3
Deborah Davis (from 5 September 2015)	2 / 2
Tony Ward OBE (until 5 September 2015)	1 / 1

Investment Committee

Attendance/number of meetings in the year	2
Tony Ward OBE (Chair)	2 / 2
Patrick Barwise (until 18 November 2015)	0 / 0
Jeanie Cruickshank	2 / 2
Mark Tapley	2 / 2

Remuneration Committee

Attendance/number of meetings in the year	4
Dan Bogler (Chair) (until 15 March 2016)	3 / 3
Tony Ward OBE (Chair) (from 15 March 2016)	4 / 4
Patrick Barwise (until 18 November 2015)	1 / 1
Mike Clasper CBE	4 / 4
Tim Gardam (from 18 November 2015)	3 / 3
Jonathan Thompson (from 10 March 2016)	2 / 2
Michael Tye (from 7 June 2016)	1 / 1
Anna Walker CB (until 10 March 2016)	2 / 2

Nomination Committee

Attendance/number of meetings in the year	2
Jennifer Oscroft (Chair) (until 15 March 2016)	1 / 1
Tony Ward OBE (Chair) (from 15 March 2016)	1 / 1
Mark Addison CB (until 26 January 2016)	1 / 1
Tony Burton OBE (until 15 March 2016)	1 / 1
Sharon Darcy (from 15 March 2016)	1 / 1
Donald Grant (from 15 March 2016)	1 / 1
Peter Shears	2 / 2

Policy Sub-Group

Attendance/number of meetings in the year	5
Jeanie Cruickshank	5 / 5
Sharon Darcy	3 / 5
Anna Walker CB	5 / 5
Chris Willett	3 / 5

Note: The Policy Sub-Group is not a formal sub-committee of Council.

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