Which?

2012 / 2013 Financial Statements

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Making consumers' lives fairer

Council of Trustees' report

For the year ended 30 June 2013

Council of Trustees is pleased to present its report together with audited consolidated financial statements of the Consumers' Association for the year ended 30 June 2013. Consumers' Association (the Company) 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 governing document of the Company is its Articles of Association.

The research and advocacy work of Consumers' Association is solely funded by the profits of its trading subsidiary, Which? Limited, and receives no government or external funding. During the financial year 2012/13, the Group was primarily made up of Consumers' Association, Which? Limited, Which? Financial Services Limited and BGG Information Private Limited.

The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, applicable Accounting Standards in the United Kingdom and the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005 and the Charities Act 2011.

The organisation

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

Following an Extraordinary General Meeting, Council now has nine elected members, together with up to six members co-opted by Council. Election is through a choice of postal, telephone or internet ballot of Ordinary and Associate members who have been paid up for at least one year.

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

CA's principal trading subsidiary, Which? Limited, is governed by its own board, which is made up of Council members, senior employees and independent non-executive directors. The boards of the other active subsidiaries include a mix of senior employees and non-executive directors, who are either independent or senior employees elsewhere within the Group.

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

Council responsibilities statement

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

Company law requires Council to prepare financial statements for each financial year. Under that law Council has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of CA and the Group and of the surplus or deficit of the Group for that 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Payments to members of Council

Members of Council do not receive any payment for their services, as required by the Articles of Association. They are reimbursed for travel and accommodation expenses incurred when attending Council meetings and other official events. Claims were made by 11 of 14 (2011/12: 12 of 18) members during the year, totaling £7,340 (2011/12: £6,170). Insurance purchased by CA during the year to protect Council members against liabilities arising from their office cost £2,640 (2011/12: £2,640).

Principal risks & uncertainties

The Which? brand is our biggest asset and ensuring that it remains strong is critical to our success. Managing the reputational risk around the brand is vital, especially when we enter new markets and sectors. We have a risk team to monitor our exposure and tried-and-tested review processes to minimise our risk. We also adopt a robust legal approach to protect our brand where necessary.

As the Group generates the majority of its income from subscriptions, it is vulnerable to market changes that reduce subscriber acquisition volumes and retention rates. We mitigate against this by ensuring that our products are always in touch with our customers' needs and add much more value to them than they cost.

Group Audit Committee

A further mechanism through which Council mitigates risk is the Group Audit Committee, which oversees the activities of the extended group of companies. The Group Audit Committee is made up of three members, two of whom are Council members (one also being a non-executive director of Which? Limited), with one also a non-executive director of both Which? International Limited and Which? Financial Services Limited.

The duties of the Group Audit Committee are to consider the appointment, fee, scope and results of audits with internal and external auditors. This includes responsibility for reviewing the financial statements. The Committee is also responsible for business continuity planning and reviewing the internal control systems to ensure they mitigate the risks that have been identified within the business. It also ensures that the information security policy meets the organisation's requirements.

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

Going concern

After making enquiries, Council has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the principal accounting policies in the financial statements (note 1).

Financial statements

Our financial statements are made up of:

- A consolidated statement of financial activities (SOFA), specifically for charities, which shows the resources available for charitable activities and how these resources have been used during the year (page 12);
- Balance sheets for the Group and the charity, Consumers' Association, showing what we own, what we owe or are owed and the level of our reserves (page 13); and
- A consolidated cash flow statement, showing how we received and spent money in the year (page 14).

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

Council of Trustees' report continued
Commercial growth

A primary goal within the organisation is to expand our commercial activities to enable us to invest more in our charitable work that benefits all consumers. The main trading subsidiary is Which? Limited, which primarily offers subscriptions to consumer products and services within the UK. In recent years we have also invested in new opportunities, to capitalise on our inherent expertise and strong brand. The main new ventures within the Group are the publication of the consumer magazine 'Right Choice' for the Indian market and the 'Which? Mortgage Advisers' service, that provides independent mortgage advice for the UK market.

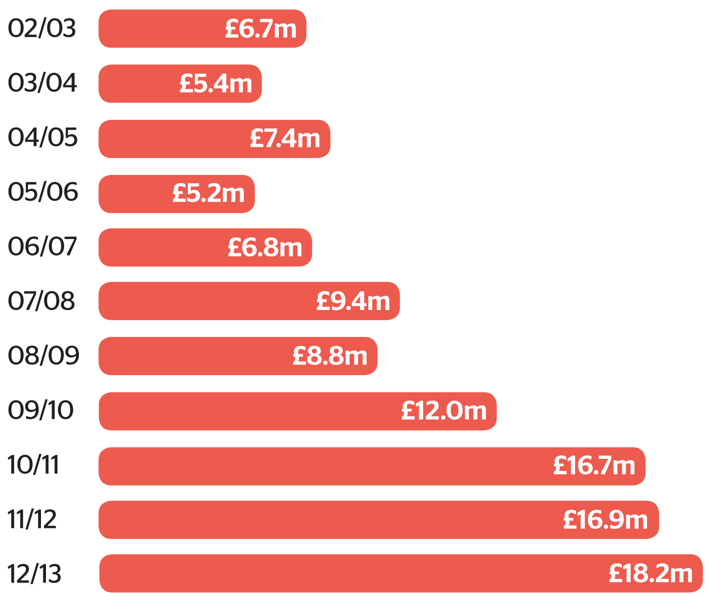
Core business - Which? Limited

In recent years, the core Which? business has gone from strength-to-strength. The significant growth in core subscriptions year-on-year has enabled company profitability to increase substantially. As the adjacent graph shows, the annual operating profit of Which? Limited (before investment impairment) has increased by £11.5m (172%) since 2002/03. This has enabled increased gift aid payments to be made to Consumers' Association, permitting the much higher investment to be made in charitable spend as shown on page 6.

Increasing the quality and widening the range of products and services is behind this significant performance improvement. Over this period, we have also significantly increased investment in our research, ensuring that we are focusing more on the products and services that are important and relevant to our readers. We have increasingly highlighted value for money within our reviews alongside the traditional 'best buys', something that is especially important to our subscribers in this tough economic climate.

Our range of products and services has also expanded significantly. Over the last few years, we have launched the Which? Money magazine, offered helpdesk services for our products and widened the scope of legal advice that we offer. The Which? online resource has also expanded and subscribers now have capability to access Which? on their Android or iPad tablet.

Which? Limited profits*



* Operating profits excluding impairment of investments

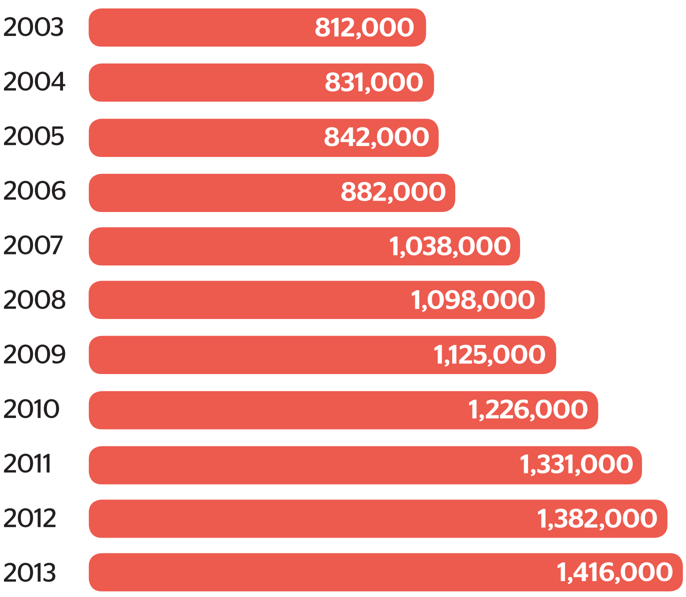
This wider product offering has proved very popular with our members and subscriptions over the last ten years have increased consistently. As the graph below shows, within this period our total UK subscriptions have increased every single year and at June 2013 stood at 1,416,000. This is 34,000 (2.5%) higher than June 2012 and represented a new all-time record. Over the last ten years, total subscription sales have increased by 604,000 – a 74% uplift. This has been despite a very tough publishing market, where sales of most magazines have fallen.

Our flagship title, Which? magazine, continues to go from strength-to-strength with a June 2013 subscriber level of over 646,000, the highest total since 1995. Which? is now the best selling monthly magazine in the UK. Which? Computing (still the UK's most popular magazine in the sector) reached an all-time high of 206,000 subscribers, while Which? Money, a title that was only launched in 2007 now leads its sector and also broke the 70,000 subscriber level for the first time during the year.

After the year end, the 'Good Food Guide' brand was sold to Waitrose, where we believe there will be greater opportunity for it to expand.

Although growing our revenue is extremely important, it is also essential that accompanying costs are kept under control and during this ten year period, the operating margin of Which? Limited increased from 13% to 22%. Delivering on both of these objectives meant that a record £18.4m of net trading income (gift aid) was able to be transferred to the charity.

Total UK subscriptions (June)



New businesses

Although we are very pleased with the growth delivered in our core subscription business, we know that to expand our charitable work even further over the long term, we will need to achieve growth in new sectors. Therefore in recent years, we have been focused on investing in areas where we can build on the expertise developed in our core UK business and our very strong brand.

Our venture in India (BGG Information Private Limited) which publishes the 'Right Choice' consumer magazine has had a very encouraging year, delivering a more than eight-fold increase in subscribers to close the year on over 24,000. This growth has followed significant focus on customer acquisitions, both in terms of finding innovative and appealing offers to subscribers, but also ensuring that the overall cost of acquiring new customers is reduced. There is still considerable work to do in the next few years to take the 'Right Choice' brand to the level we believe it can reach, but this year has been a very positive step along that journey.

Our 'Which? Mortgage Advisers' service based in Bristol has also had an excellent year. The service, which advises customers on the best deals across the full market, has grown considerably over the last twelve months. Doubling adviser capacity has resulted in a proportionate growth in the volume of customer mortgages submitted. Our goal is to continue to recruit high calibre individuals to enable an increase in capacity that will meet the demand for high quality and independent mortgage advice. Note that our advisers are incentivised not on commission earned, but on delivering the right mortgage for the customer.

In the next few years we aim to find other opportunities to expand where we consider consumers are not being treated fairly and where we believe that we can improve the situation. Our goal is that this expansion will both directly benefit those consumers and also create increased resources for the Group, enabling further growth in charitable activity.

Council of Trustees' report continued

Expanding our charitable work

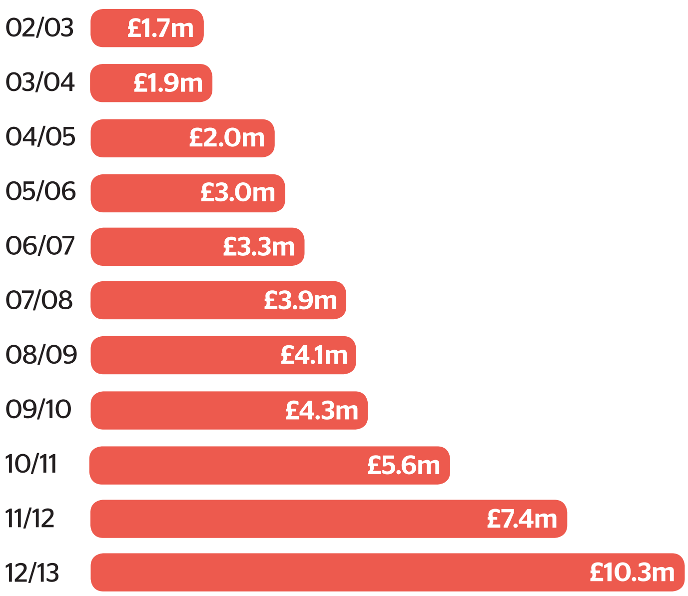
As outlined on pages 4 to 5, our drive to increase our commercial success has enabled a six-fold increase in spend on promoting consumer interests over the last ten years. The 2012/13 total of over £10.3m is a record and represents a 40% increase on the previous year.

Our charitable expenditure represented spend on both consumer research and promoting consumer interests.

Consumer research reflects amounts spent on researching products and services. This work is used within our commercial operations or to support our advocacy activity. Of the £11.7m spent in consumer research, £10.6m was recharged to Which? Limited for use in its trading operations.

In addition £10.3m was spent on promoting consumer interests reflecting our investment in advocacy work to benefit all consumers. The graph below shows the six-fold increase in spend over the last ten years.

Promoting consumer interests



Charitable objects

Our mission is to make all consumers as powerful as the organisations that they have to deal with in their daily lives. Over the last year we have continued to deliver positive change on issues that matter to consumers, as we work to make this mission a reality. We have again made significant investment in our research and advocacy activity, as well as using our insights to influence companies and government, both in the UK and overseas, to do more for consumers.

Over the last twelve months, we continued to put pressure on the UK Government and energy companies to improve transparency and accountability in the energy sector. Our ongoing campaign for simple energy prices (single unit pricing) contributed to the securing of a commitment from the Prime Minister to put all consumers on their supplier's cheapest tariff. At the end of 2012, we published our blueprint for a competitive retail market, which received a positive response. Since then, the Government has been repeatedly pressed on single unit pricing during the Energy Bill's passage through Parliament and the Energy and Climate Change Select Committee has recommended that Ofgem reconsider introducing single unit pricing.

We maintained our focus on personal finance issues and in September 2012 launched the Big Change campaign, urging both the Parliamentary Commission on Banking Standards and the Government to bring about a fundamental change in banking culture and practices. Our campaign secured the support of over 150,000 people and brought the public directly to the Commission through the publication of a dossier of consumer views, events and other digital activity. The Group Chief Executive, Peter Vicary-Smith, gave evidence to the Commission twice and we conducted new research to feed into its report. The final report published in June 2013 responded directly to our three campaign asks and mentioned Which? evidence on twenty eight occasions.

We also secured major victories in our food campaign this year with all the major food retailers and many leading manufacturers finally adopting traffic light food labeling after nine years of Which? campaigning. We took the fight to Europe, working with BEUC (Bureau Européen des Unions de Consommateurs) to push for traffic lights to be included in the EU food information regulations. And thanks to our 'Price It Right' campaign, it is going to be easier for people to compare which products are best value in supermarkets. Morrisons, The Co-operative, Waitrose and Aldi have all signed up to our three commitments to improve the way they display their unit prices. A consistent unit price using the same unit of measurement, including unit prices on special offers and ensuring unit price labels will be clearly visible.

Our Quarterly Consumer Report went from strength-to-strength, celebrating its first anniversary in July 2013 and helping to position Which? as a thought leader on the consumer experience of the economy. Our monthly tracking enables Which? to represent the views of consumers on the cost of living and the longer-term financial security of the consumer population. We track how consumers are coping with their finances and what their main concerns are. Through this, we've raised the profile of Which?'s expertise on consumers among journalists, opinion formers and Government.

We also launched two new consumer campaigns: 'Fixed Means Fixed' and 'Calling Time on Nuisance Calls and Texts'. We launched the first campaign in July 2012, following a raft of price rises by mobile phone companies for customers on 'fixed' mobile phone contracts, calling for an end to these price increases. We estimated that around 10.5 million adults were affected by these price rises and that consumers had spent nearly £34.5m extra on phone contracts as a result. Following the submission of a formal Which? complaint to Ofcom, the regulator announced plans to consult on the issue and we await the outcome.

We launched our 'Calling Time on Nuisance Calls and Texts' campaign in March 2013 in response to widespread customer frustration in this area. We called on the four relevant regulators to set up a task force, investigate the PPI claims industry and report back after twelve weeks. Although the regulators failed to establish a task force, they increased their focus on the issue and recognised that their current powers alone were not sufficient to stop nuisance calls. After twelve weeks, we moved into the second phase of the campaign, focusing our attention on the Government. We successfully pressed the Communications Minister to commit to new laws through the Government's Communications Review and for the Culture, Media and Sport Select Committee to hold an inquiry.

Public benefit

We provide products and services in a variety of ways to ensure that the public can access our research, information and advice. We provide an increasing amount of content for free for everyone via which.co.uk, providing up to date information to help all consumers to make the most informed choices they can. We also campaign on issues that impact on people across the UK.

This year, against a backdrop of increasing tuition fees and a burgeoning array of choice, we launched a new, free-to-use website designed to help students make more informed higher education decisions. Featuring a searchable database and profiles of 30,000 higher education courses at nearly 300 UK institutions, the website combines official information and statistics with unbiased, expert advice and analysis. Since launch, Which? University has grown strongly, surpassing one million visits in its first 10 months, which places it among the top five university comparison sites. We also secured 820,000 unique visitors, over 2,000 e-mail subscribers and 3,500 Which? University posters into schools.

More widely, we have continued to use our digital presence to make an increasing amount of content available for all consumers.

For example, from July 2012 to June 2013 we produced:

- 349 videos on a range of products and topics, as well as 100 podcasts;
- 873 Which? Conversation pieces (blog posts) attracting more than 30,000 comments giving consumers the opportunity to be involved in debates and help shape our campaign agenda;
- 153 new advice guides.

Our free online tools resulted in:

- 12,600 payment protection insurance complaints;
- Over 80,000 visits to our savings calculation tool allowing people to work out where they would receive the best interest rates.

And our Consumer Rights site saw:

- Almost 750,000 visits;
- 12,000 template letters downloaded.

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

Council of Trustees' report continued

Balance sheet and reserves

Throughout the recent period of commercial growth and increased charitable expenditure, the Group's balance sheet has strengthened considerably, with a 90% uplift in our reserves over the last ten years.

Main highlights across the balance sheet over the year were:

- Recovery in the investment fund – up £4.1m (16%) to £29.3m;
- Net current assets (working capital) up £2.6m to £7.3m;
- No FRS 17 pension liability at June 2013 (£3.1m liablility at June 2012).

This resulted in a £9.5m year-on-year increase in group reserves.

Our head office at 2 Marylebone Road, London is held on a long lease from the Crown Estate. The head office and our other property at Hertford have a combined book value of £11.6m included within our balance sheet at 30 June 2013.

Reserves policy

Total reserves for the Group at the year end totalled £51.6m. Council's policy is to review its reserve levels annually to ensure that they are sufficient to provide cover should a material financial event occur. Allowing for pension scheme and investment fund fluctuations, Council anticipates that the incremental reserves will be used to fund increased advocacy activity and pursue strategic opportunities that can drive future growth and expansion within the Group.

Investment fund

The Articles of Association of CA give Council broad powers to invest its funds, and in 1997, Council took the decision to invest an initial £10.0m with a discretionary fund manager.

In February 2004, Council established an Investment Committee with responsibility for recommending an investment policy to Council and monitoring performance. The Investment Committee is made up of three members, two of whom are Council members, and an external member brought in for his investment expertise.

Since early 2012, management of the portfolio has been brought in-house, using Barclays Stockbrokers Limited as an execution-only stockbroker, but with advice received from the Investment Committee's external advisers, Barnett Waddingham LLP and PiRho Investment Consulting Limited.

The Investment Committee met four times during the year, primarily to monitor the portfolio, to consider the appropriateness of investment policy and to recommend thereon, and to decide upon (on advice) any re-balancing of the portfolio. Updates on these matters were then reported to Council.

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

Pension schemes

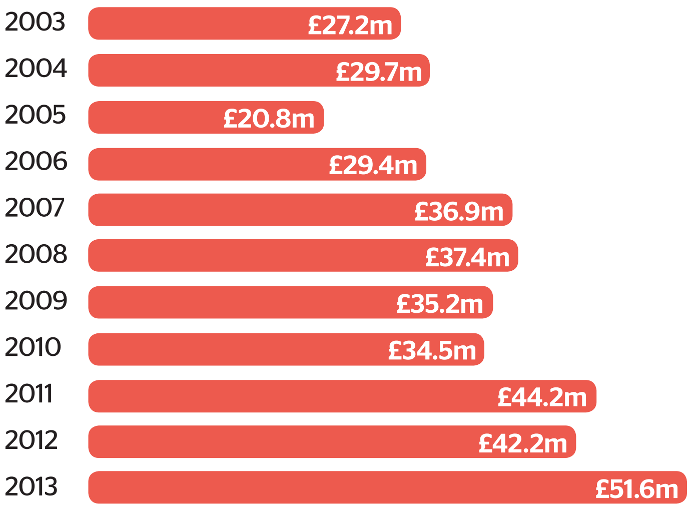
Consumers' Association operates a hybrid pension scheme and a defined contribution scheme. The hybrid scheme combines the features of defined benefit (final salary) and defined contribution schemes. As at 30 June 2013, under FRS 17 the hybrid scheme had a £2.1m surplus (£3.1m deficit at 30 June 2012). However, this surplus has not been recognised in the balance sheet.

The triennial actuarial valuation of the fund in March 2009 estimated a deficit of £12.2m. The recovery plan to increase contributions, agreed following this valuation, is still on track to reduce the deficit. Discussions are still ongoing between the scheme trustees and management on the March 2012 triennial valuation.

Future financial exposure is limited in that since April 2004, the hybrid pension scheme has been closed to new members. From that date, employees have been permitted to join only the separate defined contribution scheme.

During the financial year, Which? was an early adopter of auto-enrolment, ensuring that employees had to opt out if they didn't want to participate in the pension scheme. Initial findings reflect an increased take-up from employees of the benefit.

Group reserves*



* Group reserves reflect the total value of unrestricted funds as at the balance sheet dates.

Council of Trustees' report continued

Employees

Remuneration policy
The charity, Consumers' Association, receives no donations from the public or money from Government. All of its charitable activities are funded by the profits from its commercial businesses. As the graph on page 4 shows, the strong growth in profitability of Which? Limited (up £11.5m over ten years) has enabled our spend on promoting consumer interests to increase six-fold over the same period. Recruiting, retaining and motivating exceptional commercial management is therefore fundamental to the organisation's ability to deliver its charitable mission.

Setting remuneration
Council appoints a Terms of Service Committee comprising the Chairman of Council, two other Council members and the Chairman of the Which? Limited Board. This Committee sets the remuneration for the Group Chief Executive, advises him on the remuneration of the other executive directors and approves the annual pay award for employees as a whole. Remuneration for the senior roles in the organisation reflects the performance of the individual and external benchmarking by independent reward consultants against similar roles in the commercial, charitable and regulatory sectors. Remuneration for other roles within the organisation is set with reference to performance and salary ranges benchmarked against other comparable roles.

Long Term Incentive Plan
During the year, a Long Term Incentive Plan (LTIP) has been implemented to ensure that senior employees with commercial responsiblities are incentivised appropriately to deliver transformational commercial growth and long term success for the organisation, enabling continued and growing investment of resources in achieving its charitable mission. Awards, which are based solely on the commercial component of each individual's salary, are made only if exceptional growth is achieved over a three year period in the value of the commercial businesses, as determined by independent valuation experts.

Individuals will receive nothing for growth of less than 22% over three years, 'target' payout for between this level and 33% growth, and maximum payout for growth of 33% and above. The reward for 'target' payout is 50% of salary for each year, and for maximum payout is 100% of salary for each year, with intermediate payments for growth between 22% and 33%. External advisers have confirmed that these levels and the terms of the scheme are broadly in line with similar schemes for similar commercial roles. At the year end, there were four employees included within the scheme.

Group Chief Executive remuneration
To account for the nature of the role, the reward for the Group Chief Executive comprises two elements; charitable and commercial. The charity remuneration is benchmarked against similar large charities and represents 30% of his role. The commercial remuneration is benchmarked against the median quartile of comparable commercial organisations and represents 70% of his role.

Employee relations
CA treats everyone equally, giving full and fair consideration to all employees and applicants with suitable aptitudes and abilities. It is Group policy that the recruitment, appointment, training and career development of disabled persons should as far as possible reflect that of other employees.

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

We are committed to communicating effectively with our people, as we recognise that they are the key to our success. We keep our people informed and engaged through regular communications, helping them to understand what they need to do to help us to succeed.

Council of Trustees' report continued

Other information

Corporate social responsibility

Which? continues in its efforts to be a more environmentally sustainable company. The paper used for our magazines, accredited by the Pan European Forestry Commission (PEFC) is produced chlorine free, using timber from well managed and sustainable forests. The paper for our books has been certified by the Forest Stewardship Council (FSC), ensuring that it is sourced from well managed forests. The poly-bags that we use to wrap our magazines for despatch are recyclable, and where possible, our customer mailings are delivered as 'sustainable mail' emphasising the need for subsequent recycling. We have continued to make effort during the year to remove unnecessary wastage from our production process.

Bankers and professional advisors

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

The independent auditor and tax advisers are:
PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

The investment advisers are:
Barnet Waddingham LLP
Port of Liverpool Building
Pier Head
Liverpool
L3 1BW

PiRho Investment Consulting Limited
13 Austin Friars
London
EC2N 2HE

In addition to our own legal affairs department, Consumers' Association use a number of leading firms of solicitors for specialist legal advice.

Other information

The following information is contained elsewhere in the financial statements:

Council members	**Page 27**
Net movement in funds	**Page 12**
Significant relationships, including political and charitable donations	**Page 22**

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

(1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

After a competitive tender Deloitte LLP resigned as auditors on 7 March 2013 and PricewaterhouseCoopers LLP were subsequently appointed as auditors.

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

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

Patrick Barwise
Council Chairman
2 Marylebone Road
London
NW1 4DF
03 October 2013

Independent auditor's report

To the members of Consumers' Association

We have audited the financial statements of Consumers' Association for the year ended 30 June 2013 which comprise the Consolidated statement of financial activities, Balance sheets, the Consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Council trustees wand auditors

As explained more fully in the council responsibilities statement, as set out on page 2, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 30 June 2013, and of the group's incoming resources and application of resources, including its income and expenditure and 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- 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; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Philip Stokes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
03 October 2013

Consolidated statement of financial activities

For the year ended 30 June 2013

Incorporating a consolidated income and expenditure account

	Notes	The Charity - Consumers' Association £'000	Subsidiaries £'000	Transactions between the Companies £'000	Group Total 2012/13 £'000	Group Total 2011/12 £'000
Incoming resources						
Incoming resources from generated funds:						
Activities for generating funds		-	85,007	-	85,007	79,122
Investment income		1,156	96	-	1,252	1,202
Other incoming resources		214	-	-	214	14
Incoming resources from charitable activities:						
Research income		10,723	-	(10,620)	103	172
Total incoming resources		12,093	85,103	(10,620)	86,576	80,510
Resources expended						
Cost of generating funds:						
Fundraising trading	2	-	(70,742)	10,620	(60,122)	(55,736)
Interest payable and other similar charges	2,6	(10)	-	-	(10)	(20)
Investment management costs	2	(25)	-	-	(25)	(50)
		(35)	(70,742)	10,620	(60,157)	(55,806)
Charitable activities:						
Consumer research	2	(11,702)	-	-	(11,702)	(14,046)
Promoting consumer interests	2	(10,349)	-	-	(10,349)	(7,380)
Governance costs	2	(388)	-	-	(388)	(387)
		(22,439)	-	-	(22,439)	(21,813)
Total resources expended	2	(22,474)	(70,742)	10,620	(82,596)	(77,619)
Net trading income transferred to CA available for charitable activities		18,407	(18,407)	-	-	-
Net incoming resources before other recognised gains and losses		8,026	(4,046)	-	3,980	2,891
Other recognised gains and losses						
Net gains/(losses) on investment assets	10				3,310	(1,531)
Currency translation difference on foreign currency net investments					92	(41)
Actuarial gains/(losses) on defined benefit pension schemes	19				2,100	(3,400)
Net movement in funds	5				9,482	(2,081)
Reconciliation of funds						
Total funds brought forward at 1 July					42,156	44,237
Total funds carried forward at 30 June					51,638	42,156

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 2013

		Group		Consumers' Association	
		2013	**2012**	**2013**	**2012**
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	9	15,265	15,615	11,981	12,164
Investments	10	29,342	25,276	29,342	25,276
Investments in subsidiary and associated undertakings	11	61	61	10,052	10,052
		44,668	40,952	51,375	47,492
Current assets					
Stock	13	168	188	-	-
Debtors	14	9,104	10,501	21,039	16,117
Short term deposits		-	5,004	-	-
Cash at bank and in hand		12,215	5,406	586	759
		21,487	21,099	21,625	16,876
Creditors: Amounts falling due within one year	15	(14,156)	(16,394)	(4,220)	(5,524)
Net current assets		7,331	4,705	17,405	11,352
Total assets less current liabilities		51,999	45,657	68,780	58,844
Creditors: Amounts falling due after more than one year	16	-	(401)	-	(401)
Provisions for liabilities and charges	17	(361)	-	-	-
Net assets before defined benefit pension scheme liability		51,638	45,256	68,780	58,443
Defined benefit pension scheme liability	20	-	(3,100)	-	(3,100)
Net assets		51,638	42,156	68,780	55,343
Unrestricted charity funds	19	68,476	60,757	68,476	60,757
Revaluation reserve	19	4,343	634	4,304	686
Accumulated deficit of trading subsidiaries	19	(17,181)	(13,135)	-	-
Pension reserve	19	(4,000)	(6,100)	(4,000)	(6,100)
Total unrestricted funds	19	51,638	42,156	68,780	55,343

The financial statements on pages 12 to 26 of Consumers' Association (registered number 580128, charity number 296072) were approved by the Council of Trustees and authorised for issue on 03 October 2013. They were signed on its behalf by:

Patrick Barwise
Council Chairman

Consolidated cash flow statement

For the year ended 30 June 2013

		2012/13		2011/12
	£'000	£'000	£'000	£'000
Reconciliation of net incoming resources to net cash inflow from continuing operating activities				
Net incoming resources from continuing activities		3,980		2,891
Fixed asset depreciation charges	1,067		1,077	
Fixed asset impairment charges	-		469	
Loss/(gain) on disposal of fixed assets	3		(3)	
Decrease in stock	20		46	
Decrease/(increase) in debtors	1,397		(1,931)	
(Decrease)/increase in creditors	(2,238)		4,928	
Decrease in mortgage due within 1 year	4		-	
Increase in provisions	361		-	
Adjustment for pension funding	(1,000)		(1,600)	
Currency translation difference	92		(41)	
Interest received	(96)		(74)	
Interest paid and similar charges	10		20	
Income from fixed asset investments	(756)		(728)	
		(1,136)		2,163
Net cash inflow from continuing operating activities		2,844		5,054
Consolidated cash flow statement				
Net cash inflow from operating activities		2,844		5,054
Returns on investments and servicing of finance				
Interest received	96		74	
Interest paid and similar charges	(10)		(20)	
Income from fixed asset investments	756		728	
		842		782
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(732)		(2,135)	
Sale of tangible fixed assets	12		5	
Purchase of fixed asset investments	(2,609)		(1,862)	
Sale of fixed asset investments	2,041		845	
(Increase) / decrease in deposits awaiting investment	(188)		289	
Decrease / (increase) in short term deposits	5,004		(2,498)	
		3,528		(5,356)
Cash inflow before use of liquid resources and financing		7,214		480
Financing				
Loan repayment		(405)		(405)
Increase in cash		6,809		75

Anaysis of changes in net funds	Change in year 2012/13			Change in year 2011/12	
	2013	**Cash Flows**	**2012**	**Cash Flows**	**2011**
	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	12,215	6,809	5,406	75	5,331
Loan due within 1 year (see note 15)	(401)	4	(405)	-	(405)
Loan due after 1 year (see note 16)	-	401	(401)	405	(806)
Total	11,814	7,214	4,600	480	4,120

Notes to the financial statements

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. They also conform to the recommendations contained in the Statement of Recommended Practice: Accounting and Reporting by Charities issued by the Charity Commission published in March 2005 (SORP 2005), together with the reporting requirements of the Companies Act 2006 and the Charities Acts 2011 (for charities registered in England and Wales and dual registered charities). A summary of the principal accounting policies, which have been applied consistently in the current and prior years, is set out below.

Basis of accounting

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

Basis of consolidation

The group financial statements consolidate the financial statements of all group companies for the year to 30 June 2013, the statement of financial activities (SOFA) and balance sheet being consolidated on a line by line basis. Transactions between group companies are eliminated on consolidation in the SOFA.

Incoming resources

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

Subscription revenue on magazines is recognised when the relating 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 a current liability (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 service has been provided and consideration can be reliably measured.

Resources expended

All expenditure on research, other than that relating to books, 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, charitable activities and governance costs comprise direct costs (including attributable staff costs) and an appropriate apportionment of support costs.

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

- **Costs of generating funds** - primarily expenditure within our commercial operations;
- **Charitable expenditure** - costs of consumer research and promoting consumer interests; and
- **Governance costs** - costs of statutory compliance.

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.

Tangible fixed assets

All tangible fixed assets are held at cost less accumulated depreciation and any provision for impairment. Depreciation is calculated on fixed assets in order to write off their cost less residual value in equal instalments over their estimated useful lives. Assets are capitalised if the cost exceeds £10,000 and they are considered to have a useful life of more than 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
- **Motor vehicles:** 2-4 years

Fixed asset investments

Investments held as fixed assets are revalued to market value as at the balance sheet date. Any surplus arising on revaluation is taken to the revaluation reserve. Any temporary deficits arising on revaluation are also transferred to the revaluation reserve. The SOFA includes realised and unrealised gains and losses arising from the revaluation of the investment portfolio in the year.

Investments in subsidiary 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.

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.

Stock

Finished goods are valued at the lower of cost and net realisable value after deduction of all relevant selling and other expenses. Work-in-progress is valued at cost, and comprises the cost of research, direct salaries and appropriate related production overheads.

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.

Pension costs

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

For the defined benefit scheme, the amounts charged in resources expended are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs have been recognised immediately in the SOFA if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the 'Other recognised gains and losses'.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate or return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated for FRS 17 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.

Operating leases

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

Foreign exchange

Transactions denominated in foreign currencies are translated into Sterling at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are 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 equal to its taxable profit to the charity.

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

Going concern

The Group's business activities, together with the factors likely to affect its future development performance and position are set out in the Council of Trustees' report. The Group is funded primarily by retained earnings and has significant cash reserves and liquid investments. The Group generates the majority of its cash in the form of subscription income and does not rely on external funding for day-to-day working capital requirements, with the only commercial mortgage in respect to the Group's offices in Marylebone Road. Management do not expect that it will be necessary to rely on external sources of debt finance in the foreseeable future.

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

2 Total resources expended

	Direct costs £'000	Support costs £'000	Total 2012/13 £'000	Total 2011/12 £'000
Cost of generating funds:				
Cost of sales	(37,242)	-	(37,242)	(35,701)
Distribution costs	(7,083)	-	(7,083)	(6,524)
Other trading expenditure	(6,223)	(9,574)	(15,797)	(13,511)
Total fundraising trading	(50,548)	(9,574)	(60,122)	(55,736)
Interest payable and other similar charges	(10)	-	(10)	(20)
Investment management costs	-	(25)	(25)	(50)
	(50,558)	(9,599)	(60,157)	(55,806)
Charitable activities:				
Consumer research	(8,506)	(3,196)	(11,702)	(14,046)
Promoting consumer interests	(7,907)	(2,442)	(10,349)	(7,380)
	(16,413)	(5,638)	(22,051)	(21,426)
Governance costs	-	(388)	(388)	(387)
Total resources expended	(66,971)	(15,625)	(82,596)	(77,619)

3 Support costs

	Management £'000	Finance & Legal £'000	Information technology £'000	Human resources £'000	Direct support costs £'000	Total 2012/13 £'000	Total 2011/12 £'000
Cost of generating funds:							
Other trading expenditure	-	(1,206)	(2,892)	(3,466)	(2,010)	(9,574)	(8,464)
Investment management costs	-	-	-	-	(25)	(25)	(50)
	-	(1,206)	(2,892)	(3,466)	(2,035)	(9,599)	(8,514)
Charitable activities:							
Consumer research	(383)	(502)	(633)	(777)	(901)	(3,196)	(4,339)
Promoting consumer interests	(293)	(384)	(483)	(594)	(688)	(2,442)	(1,390)
	(676)	(886)	(1,116)	(1,371)	(1,589)	(5,638)	(5,729)
Governance costs	(242)	(135)	-	-	(11)	(388)	(387)
Total resources expended	(918)	(2,227)	(4,008)	(4,837)	(3,635)	(15,625)	(14,630)

4 Results from trading activities of subsidiaries

	Which? Limited 2012/13	Which? Financial Services Limited 2012/13	BGG Information Private Limited 2012/13	Other subsidiaries 2012/13
Profit and loss account	£'000	£'000	£'000	£'000
Turnover & other income	83,660	1,472	136	-
Expenditure (including gift aid)	(83,806)	(3,020)	(2,444)	(129)
Loss for the year	(146)	(1,548)	(2,308)	(129)
Balance sheet				
Total assets	31,327	812	1,391	13,698
Total liabilities	(28,503)	(500)	(598)	(19)
Total funds	2,824	312	793	13,679

Which? Limited provides education, information and advice to the benefit of consumers through the Which? subscription and other media. BGG Information Private Limited (an Indian company) publishes the magazine 'Right Choice' within India, while Which? Financial Services Limited provides a mortgage advice service for the UK market. The main companies within 'Other subsidiaries' are Which? International Limited and Yellowfin Holdings Limited and are both holding companies.

5 Net movement in funds

	2012/13	2011/12
Net movement of funds is stated after charging:	£'000	£'000
Depreciation of tangible fixed assets	1,067	1,077
Impairment of tangible fixed assets	-	469
Loss/(gain) on disposal of fixed assets	3	(3)
Loss on foreign exchange	15	8
Expenses of the Council of Trustees (detailed in the Council of Trustees Report)*	7	6
Cost of liability insurance for Council of Trustees	3	3
Payment under operating leases charged to the SOFA:		
property rentals	263	253
other	42	42
Analysis of auditor's remuneration		
Fees payable to the Company's auditor for the audit of the Company's financial statements		
The audit of CA	20	28
Fees payable to the Company's auditor and their associates for other services to the Group		
The audit of other Company's subsidiaries pursuant to legislation	62	47
Total audit fees	82	75
Tax services	21	22
Internal audit services	-	17
Valuation and actuarial services	38	-
Recruitment and remuneration services	-	5
Other services pursuant to legislation	16	-
Other services	-	19
Total non-audit fees◆	75	63

*Members of Council do not receive any payment for their services, as required by the Articles of Association.
◆2012/13 non-audit fees relate to PricewaterhouseCoopers LLP and 2011/12 fees relate to Deloitte LLP.

6 Interest payable and other similar charges

	2012/13 £'000	2011/12 £'000
Interest on mortgage-repayable in instalments over less than five years	10	20
Total interest payable and other similar charges	10	20

7 Employees

The costs and headcount below are either directly allocated to charitable or commercial activity or are apportioned in line with the accounting policy on shared support costs.

	Charitable 2012/13	Commercial 2012/13	Total 2012/13	Total 2011/12
Employee costs during the year amounted to:	£'000	£'000	£'000	£'000
Salaries and wages	7,982	13,791	21,773	18,585
Social security	900	1,627	2,527	2,106
Pension costs	830	1,074	1,904	1,684
Benefits in kind	95	407	502	238
Total	9,807	16,899	26,706	22,613

The average number of employees of the Group during the year was:	Charitable number of employees 2012/13	Commercial number of employees 2012/13	Total number of employees 2012/13	Total number of employees 2011/12
Consumer research	87	-	87	86
Promoting consumer interests	99	-	99	70
Support activities	37	49	86	86
Trading activities	-	308	308	255
Total	223	357	580	497

7 Employees continued

The number of group employees who received emoluments in excess of £60,000 in the year ended 30 June 2013 (year ended 30 June 2012) was:	**Charitable number of employees 2012/13**	**Commercial number of employees 2012/13**
£60,001-£70,000 13 (2011/12 : 18) employees	5.4	7.6
£70,001-£80,000 11 (2011/12 : 14) employees	2.1	8.9
£80,001-£90,000 6 (2011/12 : 3) employees	2.4	3.6
£90,001-£100,000 4 (2011/12 : 5) employees	2.4	1.6
£100,001-£110,000 1 (2011/12 : 1) employees	-	1.0
£110,001-£120,000 - (2011/12 : 2) employees	-	-
£120,001-£130,000 2 (2011/12 : -) employees	1.0	1.0
£150,001-£160,000 2 (2011/12 : 1) employees	0.4	1.6
£160,001-£170,000 2 (2011/12 : 1) employees	0.5	1.5
£170,001-£180,000 2* (2011/12 : -) employees	0.5	1.5
£180,001-£190,000 1 (2011/12 : 1) employees	-	1.0
£210,001-£220,000 1* (2011/12 : -) employees	-	1.0
£220,001-£230,000 - (2011/12 : 1) employees	-	-
£250,001-£260,000 1* (2011/12 : -) employees	-	1.0
£280,001-£290,000 - (2011/12 : 1) employees	-	-
£310,001-£320,000 1* (2011/12 : -) employees	0.3	0.7
£320,001-£330,000 - (2011/12 : 1) employees	-	-

* Employee included in the Long Term Incentive Plan scheme. Note in the £170,001-£180,000 banding, only one employee is in the scheme.

Of the individuals earning over £100,000, only one was primarily employed to perform charitable activity. This individual was paid £124,000. In the above salary banding the highest paid employee was the Group Chief Executive. He was paid £49,500 for running the charity, which is based on a full-time equivalent salary of £165,000.

As a result of the significant commercial activities of the Group, a number of our higher paid staff dedicate significant amounts of time to the Group's commercial activities which are performed by the subsidiary companies, including Which? Limited. As well as showing the total number of individual group employees by the salary bandings, the table above also shows the allocation of higher paid staff between the Group's charitable and commercial activities to one decimal place. It is on this basis that the remuneration costs associated with these individuals are charged to the financial statements of the relevant entity.

For the year ended 30 June 2013, these commercial entities generated a taxable profit of £18.4m, which was gifted to the charity for the furtherance of the Group's charitable activities.

Contributions in the year for the money purchase element of the pension scheme for the above higher paid employees were £369,000 (2011/12: £398,000).

Of these higher paid employees 46 (2011/12: 47) had benefits accruing under the Company pension scheme.

8 Taxation

Consumers' Association is a registered charity, and is therefore exempt from the liability to taxation on its current activities which fall within the scope of section 505 (1) of the Income and Corporation Taxes Act 1988. No taxation, either current or deferred, arose in respect of any subsidiary company of the Association.

9 Tangible assets

	Freehold land & buildings £'000	Long-term leasehold premises £'000	Fixtures fittings & equipment £'000	Motor vehicles £'000	Total £'000
Tangible fixed assets of the Group					
Cost or valuation					
At 1 July 2012	4,391	13,900	8,807	97	27,195
Additions	-	-	732	-	732
Disposals	(1,479)	-	(2,207)	(65)	(3,751)
At 30 June 2013	2,912	13,900	7,332	32	24,176
Depreciation					
At 1 July 2012	2,025	4,536	4,955	64	11,580
Depreciation charged	39	98	924	6	1,067
Disposals	(1,479)	-	(2,203)	(54)	(3,736)
At 30 June 2013	585	4,634	3,676	16	8,911
Net book value					
At 30 June 2012	2,366	9,364	3,852	33	15,615
At 30 June 2013	2,327	9,266	3,656	16	15,265
Tangible fixed assets of Consumers' Association					
Cost or valuation					
At 1 July 2012	4,391	13,900	2,139	65	20,495
Additions	-	-	184	-	184
Disposals	(1,479)	-	(524)	(65)	(2,068)
At 30 June 2013	2,912	13,900	1,799	-	18,611
Depreciation					
At 1 July 2012	2,025	4,536	1,718	52	8,331
Depreciation charged	39	98	213	2	352
Disposals	(1,479)	-	(520)	(54)	(2,053)
At 30 June 2013	585	4,634	1,411	-	6,630
Net book value					
At 30 June 2012	2,366	9,364	421	13	12,164
At 30 June 2013	2,327	9,266	388	-	11,981

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

'Freehold land & buildings' represents Consumers' Association's property at Gascoyne Way, Hertford. This includes land with a cost of £1,550,000 (2012: £1,550,000) which is not depreciated.

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

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

10 Fixed Asset Investments

	Deposits awaiting investment £'000	Market value of authorised UK unit trusts £'000	Total £'000
Balance at 1 July 2012	189	25,087	25,276
Income from investments	756	-	756
Purchases during the year	(2,609)	2,609	-
Sales during the year	2,041	(2,041)	-
Unrealised gains on investments	-	3,617	3,617
Realised loss on investments	-	(307)	(307)
Balance at 30 June 2013	377	28,965	29,342
Historical costs			
At 30 June 2012		24,570	
At 30 June 2013		24,838	

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	58.7%
Ishares Markit Iboxx	18.4%
Ishares MSCI emerging markets	6.3%

11 Investments in subsidiary and associated undertakings

Subsidiary undertakings	Holding	Proportion owned	Principal activity
Direct holdings of the Company:			
Which? Limited	Ordinary Shares	100%	Publishing
The Good Food Club Limited	Ordinary Shares	100%	Dormant
Indirect holdings of the Company:			
Which? International Limited	Ordinary Shares	100%	Holding company
Yellowfin Holdings Limited (Mauritius)	Ordinary Shares	100%	Holding company
BGG Information Private Limited (India)	Ordinary Shares	100%	Publishing
Which? Financial Services Limited	Ordinary Shares	100%	Mortgage broking
PP Publishing Limited	Ordinary Shares	100%	Publishing
Which? Legal Services Limited	Ordinary Shares	100%	Not yet trading
Other investments			
Direct holdings of the Company:			
International Consumer Research and Testing Limited	'A' Ordinary Shares	17%	Consumer research on international basis
Indirect holdings of the Company:			
International Consumer Research and Testing Limited	'B' Ordinary Shares	7%	Consumer research on international basis

	Group £'000	Consumers' Association £'000
Shares in subsidiaries and associated undertakings		
Cost and net book value		
At 30 June 2013 and 30 June 2012	61	10,052

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

12 Relationships

Political and charitable contributions and related party transactions

No political donations were made during the year (2011/12: £nil). Total charitable donations were £273,133 (2011/12: £100,000).

International Consumer Research and Testing Limited (ICRT)

During the year, Consumers' Association paid £95,462 (2011/12: £97,103) in membership fees to ICRT. In addition, a further £761,379 (2011/12: £592,175) was paid in respect of commission for work secured through the offices of ICRT. BGG Information Private Limited also paid £9,974 (2011/12: £9,990) in membership fees to ICRT. The Group Chief Executive, Peter Vicary-Smith, was a board member of ICRT.

The amount payable to ICRT at 30 June 2013 was £206,302 (30 June 2012: £246,617). During the year, the Group paid some of ICRT's operational costs for which it is fully reimbursed.

Bureau Européen des Unions de Consommateurs (BEUC)

Throughout the year, Consumers' Association was a member of BEUC, the pan-European federation of consumer organisations.

The Group Chief Executive Peter Vicary-Smith was elected as president of BEUC in November 2012 for a four year term. Consumers' Association contributes a significant proportion of BEUC's non-grant income and during the year it paid £319,928 (2011/12: £298,418) in membership fees and £100,000 (2011/12: £nil) in charitable donations.

Consumers' International (CI)

Throughout the year, Consumers' Association was a member of CI, the international federation of consumer organisations. Consumers' Association contributes a significant proportion of CI's non-grant income and a senior CA manager served on the governing council of CI until August 2012.

During the year Consumers' Association paid £310,624 (2011/12: £290,220) in membership fees. It also provided various support services without charge.

Research Institute for Consumer Affairs (RICA)

The Group made a donation of £75,000 during the year (2011/12: £75,000) to the registered charity, Research Institute for Consumers Affairs as a general grant to cover operating expenses.

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

Council Members

There were no transactions with Council members, their close families or parties with whom Council members are related, other than those disclosed above. Council members do not receive any payment for their services (2011/12: £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). Claims were made by 11 of 14 (2011/12: 12 of 18) members during the year, totaling £7,340 (2011/12: £6,170).

13 Stock

	Group		Consumers' Association	
	2013	**2012**	**2013**	**2012**
	£'000	£'000	£'000	£'000
Work-in-progress	94	115	-	-
Finished goods	74	73	-	-
Total stock	168	188	-	-

14 Debtors

	Group		Consumers' Association	
	2013	**2012**	**2013**	**2012**
	£'000	£'000	£'000	£'000
Trade debtors	715	593	9	50
Amount due from group undertakings	-	-	18,707	14,110
Other debtors	1,925	2,174	1,159	794
Prepayments and accrued income	2,780	2,031	1,164	1,163
Accrued subscriptions	3,684	5,703	-	-
Total debtors	9,104	10,501	21,039	16,117

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

15 Creditors: Amounts falling due within one year

	Group		Consumers' Association	
	2013	**2012**	**2013**	**2012**
	£'000	£'000	£'000	£'000
Trade creditors	6,569	6,992	1,866	2,436
Taxation and social security	830	786	500	562
Other creditors	109	105	18	12
Accruals and deferred income	3,663	4,746	1,435	2,109
Subscriptions received in advance	2,584	3,360	-	-
Mortgage: 2 Marylebone Road (see note 16)	401	405	401	405
Total creditors (less than one year)	14,156	16,394	4,220	5,524

16 Creditors: Amounts falling due after more than one year

	Group		Consumers' Association	
	2013	**2012**	**2013**	**2012**
	£'000	£'000	£'000	£'000
Mortgage: 2 Marylebone Road	-	401	-	401
Total creditors (over one year)	-	401	-	401
Analysis of payments due on creditors over one year:				
Amounts repayable between one and two years	-	401	-	401
Mortgage repayable after more than one year	-	401	-	401

The mortgage on 2 Marylebone Road, which commenced on 6 March 1992 was repayable in 23 annual instalments. It has been secured by a first charge over the leasehold property at 2 Marylebone Road. The rate of interest payable on the mortgage is based on the London Interbank Offer Rate plus 0.75% associated costs. The outstanding loan at 30 June 2013 represented 4% of the net book value of the leasehold property (see note 9).

17 Provisions for liabilities and charges

	Group	Consumers' Association
	£'000	£'000
Provision for Long Term Incentive Plan		
At 1 July 2012	-	-
Charged to statement of financial activities	361	-
At 30 June 2013	361	-

The Group has provided an amount of £361,000 (2011/12: £nil) relating to the likely future liablitlity within the Long Term Incentive Plan (LTIP). This plan has been implemented to insure that senior employees are incentivised appropriately to deliver transformational commercial growth and long term success for the Group. Awards are only made if exceptional growth is achieved over a three year period. More details on this scheme are disclosed in the employees section of the Council of Trustees' report on page 9.

18 Financial commitments

	Land & buildings		Other	
	2013	**2012**	**2013**	**2012**
	£'000	£'000	£'000	£'000
At 30 June 2013 the Group had annual commitments under non-cancellable operating leases as follows:				
Group				
Expiring within one year	69	60	6	-
Expiring between two and five years	49	49	-	6
Expiring after five years	145	145	-	-
Total lease payments	263	254	6	6
Consumers' Association				
Expiring within one year	69	60	6	-
Expiring between two and five years	-	-	-	6
Expiring after five years	145	145	-	-
Total lease payments	214	205	6	6

19 Movement of funds during the year

	Unrestricted charity funds 2012/13	**Revaluation reserve 2012/13**	**Accumulated deficit of trading subsidaries 2012/13**	**Pension reserve 2012/13**	**Group funds 2012/13**	**Group funds 2011/12**
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 July	60,757	634	(13,135)	(6,100)	42,156	44,237
Net outgoing resources before gift aid payment	(10,381)	-	-	-	(10,381)	(10,060)
Revaluation of investment assets (note 10)	-	3,617	-	-	3,617	(1,550)
Realised (loss)/gains on investments (note 10)	(307)	-	-	-	(307)	19
Revaluation of monetary assets and liabilities	-	92	-	-	92	(41)
Trading profit before gift aid	-	-	14,361	-	14,361	12,951
Gift aid payments from subsidiaries to charity	18,407	-	(18,407)	-	-	-
Actuarial gains/(losses) on defined benefit pension schemes	-	-	-	2,100	2,100	(3,400)
Balance at 30 June	68,476	4,343	(17,181)	(4,000)	51,638	42,156

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 17 disclosures has been calculated by an independent qualified actuary employed by Punter Southall & Co to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 30 June 2013. The calculations were performed as at 30 June 2013 based on membership data as at 31 March 2013 with an allowance for benefit accrual between 31 March 2013 and 30 June 2013.

Scheme assets are stated at their market value at 30 June 2013, 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 17 the pension scheme deficit is recognised in full on the balance sheet, but we are not required to recognise the surplus.

The hybrid section was closed to new entrants from 1 April 2004. Under the current Schedule of Contributions dated 1 October 2012, contributions to the hybrid section (including both employer and employee contributions) for the year beginning 1 July 2013 are expected to be £1.3m. Contributions to the money purchase section of the scheme during the year were £1.4m (2011/12: £1.1m).

20 Staff pensions continued

		2013	2012
Assumptions			
The major assumptions used by the actuary to calculate the scheme under FRS 17 were (in nominal terms):			
Rate of increase in pensionable salaries		3.5%	3.9%
Rate of increase in pensions in payment – RPI linked		3.5%	2.9%
Discount rate		4.8%	4.5%
Inflation assumption (RPI)		3.5%	2.9%
Inflation assumption (CPI)		2.7%	2.1%
Rate of revaluation of pensions in deferment		2.7%	2.1%
Return on money purchase underpin fund		7.0%	7.0%
Assumed life expectancies (years) on retirement at age 65 are:			
Retiring today	Males	21.8	21.7
	Females	24.4	24.3
Retiring in 20 years' time	Males	23.8	23.7
	Females	26.3	26.2

Actual and expected rates of return **The assets in the scheme and the expected rates of return were:**	Long-term rate of return expected at 30 June 2013	Value at 30 June 2013	Long-term rate of return expected at 30 June 2012	Value at 30 June 2012
	p.a.	£m	p.a.	£m
Equities and property	7.7%	38.1	4.9%	29.3
Bonds and cash	3.7%	25.0	3.4%	29.7
With-profits fund	7.0%	32.0	7.0%	28.4
Fair value of scheme assets		95.1		87.4
The scheme does not hold any ordinary shares issued or property occupied by Consumers' Association.				
The actual return on assets over the year was		9.3		6.4

Net pension asset / (liability) **The amounts recognised in the balance sheet are as follows:**	2013	2012
	£m	£m
Present value of scheme liabilities	(93.0)	(90.5)
Fair value of scheme assets	95.1	87.4
Surplus/(deficit)	2.1	(3.1)
Unrecognised surplus	(2.1)	-
Net pension asset/(liability) recognised before tax	-	(3.1)

Analysis of the amount charged to net incoming resources in respect of the hybrid section of the scheme	2012/13	2011/12
	£m	£m
Current service cost	0.5	0.6
Service cost	-	-
Total net incoming resources charge	0.5	0.6

The employer contribution rate to the hybrid section in respect of future service accrual was 13% of pensionable salaries per annum. The standard employer contribution rate under FRS 17 as at 30 June 2012 was 16.0%.

20 Staff pensions continued

Analysis of the amount credited to other finance income	2012/13 £m	2012/13 £m
Expected return on pension scheme assets	4.4	4.8
Interest on pension scheme liabilities	(4.0)	(4.4)
Net return	0.4	0.4

Reconciliation of opening and closing balances of the present value of the scheme liabilities	2013 £m	2012 £m
Liabilities at beginning of the year	90.5	82.6
Current service cost	0.5	0.6
Interest cost	4.0	4.4
Contributions by scheme participants	0.1	0.2
Actuarial loss	0.7	5.1
Benefits paid	(2.8)	(2.4)
Liabilities at end of year	93.0	90.5

Reconciliation of opening and closing balances of the fair value of the scheme assets	2013 £m	2012 £m
Fair value of scheme assets at beginning of year	87.4	81.3
Expected return on scheme assets	4.4	4.8
Actuarial gain	4.9	1.7
Contributions by employers	1.1	1.8
Contributions by scheme participants	0.1	0.2
Benefits paid	(2.8)	(2.4)
Fair value of scheme assets at end of year	95.1	87.4

Amount recognised in other recognised gains and losses		
Actuarial gains/(losses)	4.2	(3.4)
Unrecognised surplus on defined benefit pension scheme	(2.1)	-
Actuarial gains/(losses) recognised in other recognised gains and losses	2.1	(3.4)

History of scheme assets, obligations and experience adjustments	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Present value of scheme liabilities	(93.0)	(90.5)	(82.6)	(79.0)	(65.4)
Fair value of scheme assets	95.1	87.4	81.3	74.0	65.9
Surplus/(deficit) in the scheme	2.1	(3.1)	(1.3)	(5.0)	0.5
Experience adjustments arising on scheme liabilities	(0.6)	0.9	(1.1)	1.0	4.9
Experience item as a percentage of scheme liabilities	(0.6%)	1.0%	(1.3%)	1.3%	7.5%
Experience adjustments arising on scheme assets	4.9	1.7	4.3	4.0	(7.7)
Experience item as a percentage of scheme assets	5.2%	1.9%	5.3%	5.4%	(11.6%)
Cumulative actuarial losses shown in other recognised gains and losses	(7.0)	(9.1)	(5.7)	(9.2)	(3.0)

21 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.

2012/13 Council, Board & Committee
membership and attendance

Name	Attendance at meetings
Council members	
Number of meetings for the year:	**4**
Patrick Barwise (Chairman)	4 / 4
Mark Addison	3 / 4
Dan Bogler (from November 2012)	2 / 3
Peter Cartwright	4 / 4
Melanie Dawes CB	4 / 4
Tanya Heasman (until January 2013)	2 / 2
Harriet Kimbell MBE (from January 2013)	1 / 2
Sue Leggate	2 / 4
Natalie Macdonald	3 / 4
Jennifer Oscroft (Deputy Chairman)	4 / 4
Roger Pittock (until January 2013)	1 / 2
Paul Preston (Deputy Chairman)	4 / 4
Tim Roberson	4 / 4
Peter Shears	4 / 4
Richard Thomas CBE (until January 2013)	2 / 2
Tony Ward OBE	4 / 4
Steve Woolgar (until January 2013)	0 / 2
Brian Yates	3 / 4
Which? Limited Board	
Number of meetings for the year:	**7**
Mike Clasper CBE (Chairman)	7 / 7
Claudia Arney	6 / 7
Patrick Barwise	7 / 7
Jacques Cadranel (Group Finance Director)	7 / 7
Neil Cameron (until August 2013)	6 / 7
Chris Gardner (Managing Director of Which? Publishing)	7 / 7
Tanya Heasman (until February 2013)	3 / 5
Andrew Mullins	7 / 7
Helen Parker (Assistant Chief Executive) (until November 2012)	3 / 3
Peter Vicary-Smith (Group Chief Executive)	7 / 7
Kevin Wall	6 / 7
Tony Ward OBE	7 / 7

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).

Name	Attendance at meetings
Which? International Limited Board	
Number of meetings for the year:	**6**
Peter Vicary-Smith (Chairman)	6 / 6
Jacques Cadranel	5 / 6
Nick Castro	6 / 6
Chris Gardner	5 / 6
Paul Preston	4 / 6
Paul Smith	6 / 6
Which? Financial Services Limited Board	
Number of meetings for the year:	**6**
Peter Vicary-Smith (Chairman from January 2013)	3 / 3
Michael Barley (from July 2013)	0 / 0
Kim Brosnan	5 / 6
Jacques Cadranel	5 / 6
Nick Castro	6 / 6
Matt Cooper (from July 2012)	6 / 6
Chris Gardner (Chairman until January 2013)	6 / 6
Michael Johnson (from July 2013)	0 / 0
Mike Lawton	5 / 6
Group Audit Committee	
Number of meetings for the year:	**3**
Nick Castro (Chairman)	3 / 3
Tanya Heasman (until January 2013)	2 / 2
Sue Leggate	2 / 3
Tony Ward OBE (from February 2013)	1 / 1
Investment Committee	
Number of meetings for the year:	**4**
Brian Yates (Chairman)	4 / 4
Roger Pittock (until January 2013)	3 / 3
Mark Tapley	4 / 4
Tony Ward OBE	4 / 4
Terms of Service Committee	
Number of meetings for the year:	**4**
Paul Preston (Chairman)	4 / 4
Patrick Barwise	4 / 4
Dan Bogler (from March 2013)	2 / 2
Mike Clasper CBE	4 / 4
Tanya Heasman (until January 2013)	2 / 2

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