Annual Report.

and financial statements 2018/19

Which?

A year at Which?

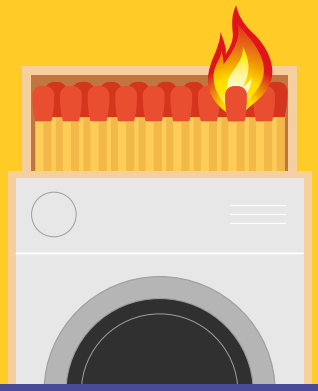
★★★★★

Facts. Not fakes.

By **Which?** 1 min ago

Don't buy based on a lie. Visit which.co.uk for impartial product reviews.

COULD YOUR DRYER CAUSE A FIRE?



REVIEWED

968 SERVICES

3,704 PRODUCTS

Cash Summit

Securing our Freedom to Pay

Contents

Welcome from the Chair of the Consumers' Association

As I come to the end of my second and final term as Chair of Which?, this is a welcome opportunity for me to look forward with confidence to the future of the organisation, as well as reflecting on the significant changes over the past four years.

We are living through a period of rapid change as we learn to live in a digitally driven society. UK consumers are increasingly choosing digital avenues to access the products and services that are important to them - online shopping, booking travel, managing utilities, streaming entertainment. Online service providers and retailers are changing the face of our high streets and are redefining when, where and how consumers interact with businesses. In the last year alone nearly three quarters of banking interactions took place online and more than 2,400 bricks and mortar retail stores closed. For all the advantages these changes can bring, they raise urgent new questions about consumer rights and protection.

I am pleased that Which? has now wholeheartedly embraced the implications of this technological revolution. Today, there is no doubt that the digital world is at the heart of our championing of the consumer interest.

This rapid external change has also required significant transformation in the way Which? operates as an organisation; we have to ensure that we have the necessary capabilities not only to respond but to predict the needs and problems of consumers that lie ahead, so that we can continue to be the pre-eminent force for consumer good.

In the past year our new CEO, Anabel Hoult, has re-energised the organisation and reasserted our ethos. As a charity, we must demonstrate the openness and best practice expected of us. Because we are independent and take no public funding, we must also be commercially agile to deliver our mission. We need to use our power as a membership organisation to engage consumers across all generations.

Anabel has led a forensic strategic review examining all aspects of the organisation and demanding a rigorous focus on the areas in which we can have most impact. Her review, and the subsequent structural changes, have been far-reaching and have involved some hard decisions, but they have laid strong, new foundations and a clear vision for our future.

At the same time, our Governance Review, which I initiated following the AGM in 2017, has allowed us to assess whether our current governance arrangements are as effective as they can be, and where we must modernise if we are to be sufficiently resilient to face the competitive challenges ahead. I am grateful for the guidance and advice of our independent Chair of the review, Dame Deirdre Hutton, DBE, and its other independent member, Julia Unwin, CBE, for their perspective, and for the contributions of all the Which? members who have engaged with the process. The final recommendations have now been published and a number of changes relating to Trustee appointment and tenure which Council fully supports will be coming to the AGM in November, where members will be able to vote on them. I believe their adoption is vital to the future of the Consumers' Association.

I would like to take this opportunity to thank all members of Council for their many contributions and support in the past year; we have gone a long way to resolving some difficult and longstanding issues that members have raised. I would particularly like to thank my co-Deputy Chairs Jenny Oscroft and Anna Walker, who are retiring this year, for their long service and wise advice during my tenure. I would also like to express my gratitude to Judy Gibbons for her inspirational leadership of the subsidiary commercial Board, and, above all, to the employees of Which? for their idealism and tireless dedication.

Tim Gardam
Chair, Consumers' Association

Update from the Chair of the Which? Limited Board

This year Which? has performed well and delivered strong results, leaving me impressed once again by the resilience and dedication of the organisation, especially in the face of significant external and internal changes.

The income from our commercial subsidiaries in 2019/20 was £99.1 million, down 1% on 2018/19. This reflects an in-year fall in mortgage advice income and subscription revenue, balanced by an increase in our endorsement scheme revenue.

One of the outcomes of the strategic review undertaken in-year was the refocusing and prioritising of our efforts along with improvements in how we work. As a result, we have been able to make cost savings in a number of areas and Which? Limited achieved an underlying profit (excluding impairment of investment) of £15.3m versus £14.2m in 2017/18. This funded the charity's operations and contributed to the uplift in group reserves, which reached an all-time-high of £56.4m.

As Tim has made clear, it is our responsibility to ensure that Which? is securely placed to deliver for consumers now and into the future. This brings me onto one of the most difficult of the many decisions made this year: the consultation on and subsequent closure of Which? Mortgage Advisers and Insurance Advisers.

Despite the excellent work of passionate and knowledgeable staff and the gratitude of their customers, these businesses were not financially sustainable. The market has changed considerably in recent years, due to a combination of continuing economic uncertainty and a stagnant housing market. Costs are rising and we expect these operating conditions are only going to get more competitive. On behalf of the Which? Limited Board, I would like to thank the staff of Which? Financial Services for their hard work and professionalism throughout this difficult process and wish them well for the future.

Our focus going forward will be to invest in our core subscription business to make it ever more valuable to consumers and to deliver its benefits to a broader audience.

We will build on and expand our key strengths in research and advice while also making our content more easily accessible through refreshed print magazines and new innovative digital formats. We will also invest in helping to deliver the charity's objectives to a larger and more diverse audience by expanding the range of tools and information made freely available to all on our website and through social media.

We also plan to grow our revenue from other sources such as affiliates and endorsement licences - which help customers buy the best products while always maintaining our editorial independence. Our newly created commercial team will lead this work and I look forward to updating you on progress in this area in due course.

Finally, on behalf of the Board, the Council of Trustees, the Executive and personally from myself and Anabel Hoult, I would like to pay credit to Tim as he prepares to step down from his tenure as chair. His support and guidance has been invaluable, particularly during this recent period of consolidation and change.

Judy Gibbons
Chair, Which? Limited Board

Chief Executive's welcome

My first year at Which?

When I joined our organisation just over a year ago, I felt I had some understanding of the value of Which? for consumers. I was aware of our magazine's proud history. I had seen what an indispensable resource it was through a member of my own family who kept bound volumes in the front room and swore by Which?'s recommendations when making any significant purchase.

Now - after seeing what we have achieved already and our exciting plans for the future – I see why the need for a strong and independent Which? is greater than ever. In a world where the digital revolution has put billions of products and services at our fingertips, but where unscrupulous sellers and fraudsters respect no rules or borders, consumers need our trusted testing, research and advice more than ever.

From my meetings with the bosses of Britain's biggest firms and US tech giants, I know businesses need us to hold them to account and tell them how to better serve their customers. Regulators need our insight into consumer behaviour to inform their oversight of consumer markets. Politicians need us to provide consumer expectations when they consider making legislative or policy changes. Which? is also needed to bring new problems to light and find solutions through our research and the stories we hear from consumers around the country.

That's when Which? is at its best – when our rigorous research, our campaigning and policy expertise, and our army of members all come together to change conversations and lives.

That's how our dogged pursuit of Whirlpool over its fire-risk tumble dryers led to an unprecedented recall of 500,000 faulty machines in June. It's how our Freedom to Pay campaign and Cash Summit have put the issue of access to cash at the top of the agenda for banks, regulators and the Treasury. It's why, three years on from our scams super-complaint, Which? has been a key player as the big banks finally signed up to a voluntary code offering greater protection for consumers and we are ready to hold businesses that provide a platform for fraudsters to account.

But it became clear to me that if we are to continue to have this impact and influence we would have to make big changes and tough choices about where to target our resources. The decision to close Which? Mortgage Advisers and to restructure our teams was extremely difficult and has meant saying goodbye to some highly professional and dedicated colleagues.

Last year I launched a strategic review and in choosing our priorities for the years ahead, I turned first to our most valuable asset – our members.

They made clear that in a sea of unfiltered opinions, our laser-like focus on rigour, evidence and proof is more essential than ever. This applies to everything we do, whether it's testing products, investigating problems or holding powerful organisations to account.

But they also need us to help them navigate the maze of challenging and sometimes bewildering questions, risks and choices we now face. Should I switch to an electric car or cut back on plastic packaging to help tackle climate change? Can I trust the reviews on the world's biggest online marketplace or will fake reviews mislead me into wasting my money?

People need answers to these questions before they even consider making a purchase - which is why you will increasingly see our refreshed and redesigned magazine tackling these issues with features and investigations that show you the big picture.

Our customer research also told us that the magazine is no longer the best way to provide an up-to-date archive of our product reviews, so we are putting that content where people need it - in their pockets on phone apps and our website. And we know how important it is that when things go wrong with a product or service, there is somewhere to go for help and advice. Many people don't realise that we already make a huge trove of consumer rights advice available to anyone who wants it – around 50 per cent of our online visitors are looking at free content.

Our PPI tool helped half a million people make a claim for mis-sold insurance before the August deadline – with an average payout of £3,000 for each successful claim. We want to build on this success with even more content and tools to make consumers' lives fairer, simpler and safer.

It's also important that if we hold powerful organisations to account, we hold ourselves to the highest standards. That's why we considered our approach to sustainability and replaced our magazine's plastic wrapper with an alternative made from compostable potato starch. It's why we engaged with Which? employees, listening to their experiences before deciding on the new values that will be the foundation of everything we do in the future.

Above all, in an era when it feels harder than ever to get to the truth, we promise Which? will keep questioning. And we will remain steadfast in our mission to make consumers more powerful. It drives everything we do – and it always will.

Anabel Hoult
Group Chief Executive

Our strategy

Our Purpose

Tackling consumer harm and helping consumers be as powerful as organisations they deal with in daily life

Our Mission

In 3 years, Which? to be seen as the pre-eminent force driving positive impact for and with UK consumers

Our Values

We care, we're rigorous, we're brave, we make it happen, and we're connected

Impact Areas

Digital life	***Consumer rights and protection***	***Scams***	***Money***

Our Objectives

Make a meaningful impact for and with consumers

We will prioritse and increase our meaningful impact for and with consumers by focusing our energy and resources on our four new key impact areas.

Create propositions that consumers can't live without and business and policy makers find compelling

To deliver the greatest impact we will build on our understanding of our three key audiences – consumers, businesses and policy makers – and tailor our offering and interactions with each.

Our actions must reflect our values

In order to deliver our mission, we will live our values in all the work we do.

Have a sustainable business model

It is vital that we create a sustainable business, building on our strengths while pursuing new avenues of profit generation to ensure our continued growth and future.

Be innovative and efficient

We will pursue one coherent strategy that binds and guides the business towards a sustainable and successful future.

Council of Trustees' report

Incorporating Strategic report for the year ended 30 June 2019

Public benefit statement

The Council of Trustees has a responsibility to follow the Charity Commission's public benefit guidance when exercising relevant powers and duties. The Council has fulfilled its duty and reports on it throughout this review by providing commentary on the significant activities undertaken by the charity to carry out its charitable purposes for the public benefit, the associated objectives, and our achievement against them.

Overview of the year

As the world is changing so are the needs of consumers. We need to ensure that Which? is equipped to deliver the advice, support and action for our members, supporters and the public at large now and into the future. This has led to a year of change and difficult decisions but through it we have continued to deliver charitable activity and benefit. We have undertaken the following measures:

- Revisiting and resetting our mission, purpose and values to reflect the current challenges and pressures consumers face
- Focusing our efforts on where research shows we can have the greatest effect to deliver maximum impact. To achieve this we have identified four priority impact areas: digital life, consumer rights and protection, scams and money, where consumers face high levels of risk and where we believe we can make the greatest difference
- Returning to a sustainable commercial business model and to focusing our efforts on the most profitable and impactful initiatives
- Restructuring our organisation at all levels to support and deliver against our key objectives and manage costs. This has resulted in staff and team changes, including in the senior leadership team, incurring one-off costs
- Evaluating and making hard but necessary decisions about those parts of the business that were not meeting our objectives. This included the closure of our mortgage and insurance advisory business and the winding-down of the Which? University and Which? Birth Choice websites in their current stand-alone format.

We believe that all of these significant changes are essential for Which? to be able to continue in its unique role as the consumers' champion in a complex and dynamic landscape. We are confident that we are laying the right foundation for us to deliver our objectives and deliver our new three-year mission.

Whilst making these significant changes, we have also achieved better than anticipated financial results for the year.

Income

This year our group income increased by 1% to £102.0m. This includes the one-off profits associated from the sale of the charity's Hertford site. Excluding the site sale, the underlying position from our commercial subsidiaries was 1% down on the 2017/18 performance, reflecting an expected decrease in subscription revenue and a year-on-year fall in mortgage advice income. This has been partly offset by growth in our endorsement sales, where we sell licenses to businesses to which we have awarded a 'Best Buy' for their products or services.

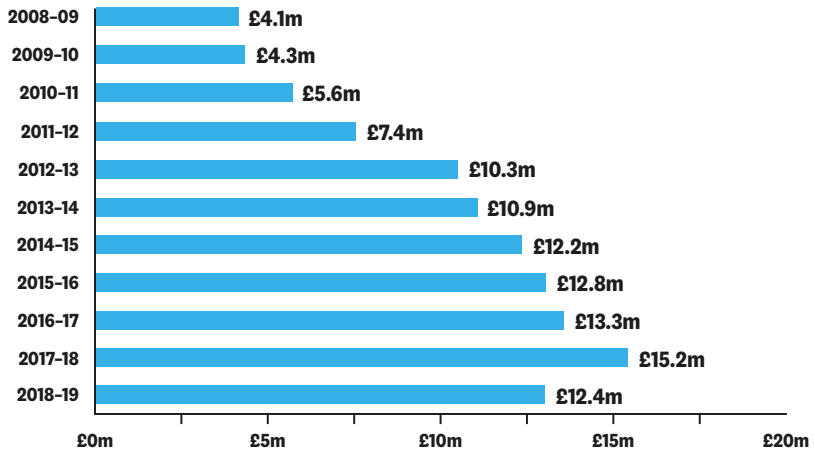
Expenditure

Our total expenditure decreased by around £4.6m year-on-year, explained by the necessary decision to pause some commercial and charitable activity until we were clearer around alignment to the strategy. This was the primary reason for the £2.8m fall in our spend on charitable activities (promoting consumer interests) from £15.2m to £12.4m, as noted in the chart opposite. During the year, we took a step back as part of the strategy review to look more closely at where we were making the most impact for consumers. Spend was reduced on areas which were not considered to be strategic priorities such as housing, higher education or birth choice. Our strategic focus is now on the four impact areas (digital life, consumer rights and protection, scams and money). Looking forward, we are committed to at least maintain and ideally increase, the amount of our resources spent on our charitable activities, mindful that increased spend should be related to opportunities for increase in consumer impact.

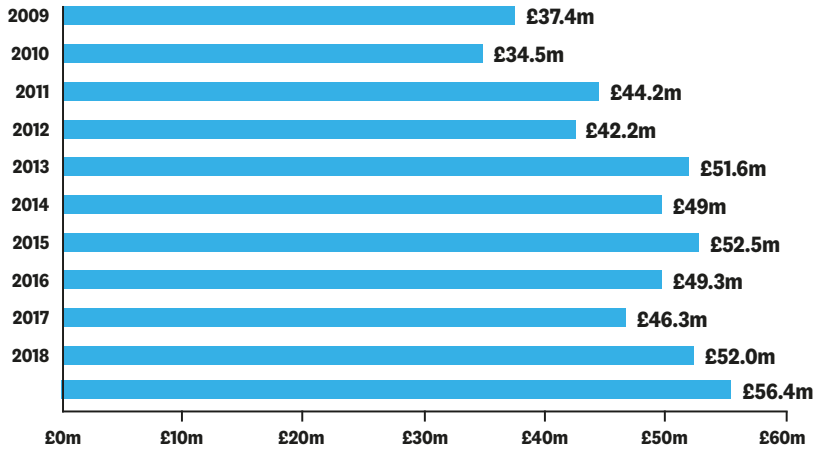
Capital costs and charitable resources

Given the nature of some of the difficult decisions including the closure of the Which? Mortgage and Insurance Advice businesses and organisational design changes following the strategic review, we have incurred significant one-off costs in the year.

Despite all of this, our reserves position has been managed effectively, with the decrease in expenditure more than offsetting the one-off costs of change. In addition, we saw £2.2m of in-year investment gains and a £1.9m reduction in our FRS 102 pension liability. As a result, our reserves increased by £4.4m year-on-year to £56.4m (as seen in the chart opposite). It is worth noting that the volatility of both investment performance and the FRS 102 pension valuation may cause significant shifts in reserve numbers over the upcoming years.



Spend on promoting consumer interests



Group reserves

The current objects of the Consumers' Association are set out within the Articles of Association:

- To undertake research into the standards of goods and services available to consumers and the ways that those goods and services can be improved for the public benefit, and to publish that information
- To advance and disseminate knowledge of the laws of the United Kingdom and other countries and in particular the law relating to consumer protection in the United Kingdom and other countries
- To carry out research into the law around consumer protection in the UK and other countries, and to publish and communicate that more widely
- To encourage better understanding of public health including the principles of physical and mental health among the public
- To consider more efficient ways in which aspects of horticulture and housekeeping can be undertaken.

Assessing our impact

This year for the first time we have included an overview of the positive impact we have delivered for consumers. This includes two case studies to illustrate how we use all our resources from across the organisation to make change happen. This can be found on p11. When thinking about our impact this year we were able to identify six themes that reflect how consumers benefit from our work to make their lives simpler, fairer and safer. We plan to assess and report each year on the difference we make to consumers. We will use our annual report to share our evidence about how many benefit from our work and in what ways, and to track how well we are performing each year.

Our impact

We create impact when we make consumers' lives simpler, fairer or safer. This year, across all our direct services and through our advocacy and campaigning on behalf of consumers, we have made a significant difference. We have created impact in six main ways.

1 Easier Choices

We have supported consumers to make informed decisions about the products and services they buy, including making important life choices from which university to attend to choosing the most suitable care home for a loved one.

"We were able to make some really important choices for mum with your help. The practical guidance in the [later life care] website was very clear and helpful." (Consumer)

c. 4 million

purchasing decisions supported

86%

of visitors surveyed after visiting our life choice websites would recommend the site to others in similar situations

2 Easier processes

We have helped those who might otherwise have found it difficult or overly time-consuming to take a consumer action that would benefit them; e.g. making it easier for consumers to switch energy provider or write a will.

"Calling the team made all the difference to me as they were so patient and helpful. I had a few questions and they answered them all and set me on the right path with my will." (Consumer)

c. 30,000

consumers helped to take action that will benefit them

£3.5 million

estimated total saving made by consumers we helped make an energy switch

3 Bettering engagement

Our Which? Best Buy, Recommended Provider and Trusted Trader endorsements have given millions confidence in their decisions and, alongside new online product safety checker tools, have helped them avoid substandard or unsafe products/services.

"There are so So SO many variants of every single buyable thing these days and it can be daunting trying to narrow down the options. Seeing that Which? have given something the thumbs-up (or down) can help massively." (Consumer)

83%

of consumers who see our endorsement logo while shopping say that it makes them less worried about choosing the wrong thing or wasting their money

63%

of consumers say they feel safer when they buy a product that is endorsed by us

4 Better redress

Our helplines have supported consumers to tackle more than 80,000 money, legal and computing problems, with our online Consumer Rights claims tools helping many more seek redress after being mis-sold, or receiving a substandard, item or service.

"tool was amazing, so easy to use, very well worded and I really believe it speeded up the compensation with [airline]. ... they were blaming other circumstances for the flight cancellation, so I thought they would not pay. Once they received this letter they paid straight away!" (Consumer)

c. 195,000

claims for redress made with the help of our online claim tools

c. £62 million

estimated value of PPI compensation payouts successfully claimed by consumers using our online claim tool

5 Fairer markets

We have protected consumers from being short-changed by unfair business practices. Our investigations, campaigns and consumer rights actions have achieved important wins on issues of fairness, transparency and accountability e.g. challenging rail companies and airlines for not respecting compensation rights, and helping bring an end to unfair overdraft charges.

"I think they've got a well-polished fleet of tools that they use to highlight and challenge on whatever issue it is. Their challenge is definitely valued." (Policy maker).

90

occasions when we directly influenced companies, mostly high street brands or global marketplaces, to play by the rules and do better for consumers

c. £101 million

estimated total saving expected for vulnerable consumers thanks to changes in overdraft charging that we helped bring about

6 Safer markets

We have reduced the risk to consumers from unsafe products; tackled suppliers of unsafe electrical goods, children's toys and smart products; engaged with regulators on the safety of personal data online; and successfully challenged banks to do more to keep consumers safe from scams.

"I want to say thank you and well done to Which? for its valuable campaign about these appallingly dangerous products ... lives have been endangered and the government ... [was] failing to take appropriate action for so long." (Consumer).

c. 122,000

product checks made via our online safety checker tools, helping people identify if they own an unsafe product

c. 400

listings of unsafe products removed from major online marketplaces after our research identified risks to consumers

We have made our most significant impact this year by working together across the organisation and with our supporters to tackle the problems consumers face. Here we share just a couple of examples of how we have made a difference.

Reducing harm from unsafe products

Having identified last year the need for systemic reform of our product safety regime, this year we worked together across all our Which? teams to tackle three priorities: failings in safety standards; an inefficient product safety recall system; and poor consumer advice about product safety when problems arise.

We created impact by:

Challenging businesses. We kept up pressure on Whirlpool to act responsibly in regards to its unsafe tumble dryers, exposing further problems with modified dryers and sharing the experiences of affected customers. We lobbied retailers to stop selling a range of unsafe items we found on sale this year and continued to challenge them to stop producing and selling fire-risk fridges and freezers after our research last year had clearly shown the fire risk of plastic backing.

Empowering consumers. We continued to test the safety of numerous products, and used our website, magazines and media coverage to alert the public to any we found to be unsafe, from dangerous toys and children's car seats to defective smoke alarms. We set up a new online Product Safety Hub with checker tools for tumble dryers and fridges, enabling more than 120,000 product checks. We worked with our supporters to share safety information across social media, setting up a new product safety alert system. For one unsafe toy alone this approach helped us reach 3.8m consumers via a Facebook alert shared more than 50,000 times.

Influencing policy-makers. We mobilised 114,000 consumers in support of our "End Dangerous Products" campaign and through the year we alerted the Office for Product Safety and Standards (OPSS) to consumer concerns and to the unsafe products we uncovered. Our pressure for decisive action against Whirlpool helped drive an OPSS inquiry, and a second parliamentary inquiry where we spoke alongside an affected consumer. Here we saw the powerful effect of sharing our research evidence alongside real-life supporter stories. When the OPSS report was delayed, 7,000 of our supporters sent emails demanding they release their findings. Also this year we represented consumers on a number of key standards committees to influence new safety standards after our testing found problems with fridge freezers and smoke alarms.

Our impact

We helped reduce the numbers of unsafe products available for sale. More than 30 major retailers and manufacturers stopped making or selling unsafe products from fridges to dangerous smoke alarms, helping reduce the risk of harm for consumers.

We were instrumental in getting unsafe products taken out of people's homes. Following our continued pressure, in May 2019 the government ordered Whirlpool to recall 500,000 potentially unsafe, unmodified tumble dryers still in people's homes.

We contributed to improved product safety standards. We contributed to the introduction of a new product safety standard which will reduce fire risk for all new refrigerated products by banning plastic backings.

"We are grateful to Which? for alerting us to this issue and looking out for the needs of the consumer. We are working to remove these products from the platform and are following up with the merchants in question to ensure they are adhering to local laws and regulations."
(Online retailer)

Reducing harm caused by scams

Our 2016/17 scams super-complaint kickstarted a programme of work across the organisation to tackle scams. Last year we helped secure a regulatory commitment that banks would introduce a 'confirmation of payee' process – checking payee details before authorising a bank transfer payment. However, as implementation was delayed, we knew we needed to keep up the pressure on several fronts to secure a better deal for consumers.

We created impact by:

Challenging businesses. We continued to investigate and expose scams and bring them to the attention of banks and other businesses. We tackled scammers who were using social media, Whatsapp and Twitter to defraud consumers, reporting scams to the relevant companies so they could notify followers and take fraudulent accounts down.

Empowering consumers. We increased our offer of scam prevention advice, with magazine articles and new website content rich with practical tips to help people avoid being scammed by coldcallers, TV licence scammers, rogue traders and doorstep scammers. Our helpline staff gave personalised advice to more than 2,000 consumers on staying safe online and avoiding or dealing with scams. To help us drive change we mobilised 416,000 supporters. In addition, callers to our Money Helpline shared their stories in a set of case studies that put a human face to the reality and true cost of scams.

Influencing policy-makers. We shared our evidence and case studies widely to help us influence change. We met with the Financial Conduct Authority and responded to key consultations on authorised push payment (APP) fraud, and the role of the Financial Ombudsman Service in relation to complaints. We kept up our pressure 'behind the scenes' for banks to take more responsibility for scams perpetrated by bank transfer. Having won a commitment in principle to a new banking code of practice that would lead to better reimbursement for scam victims, we actively contributed this year to a working group set up to design the new reimbursement scheme.

Our impact

Supporting consumers to be more aware of scam risks, prevention and how to report scams. We significantly increased the amount of free online advice we made available this year. Our consumer rights guides to different types of scams and our scam news updates were viewed more than 1.1 million times.

Getting fairer treatment for scams victims. We contributed to the introduction and design of a new reimbursement scheme for consumers who have lost money through bank transfer scams. Eight major banking groups have now signed up to the voluntary code, which went live at the end of May 2019. This will significantly reduce the harm being experienced by consumers by enabling them to get their money back where they could not reasonably have known they were being scammed.

"The Which? (scams) super-complaint has been instrumental in driving change and we are pleased that things are now moving forward and that there is a real appetite to tackle fraud and protect fraud victims."
(Chartered Trading Standards Institute)

Helping consumers make informed decisions

As consumers, we all know how difficult it is to make the right decisions. As our choices have widened and our sources of information have multiplied, it has become harder, rather than easier, to know who to trust. Buying the right product or signing up to the right service ought to be simple. There are no shortage of comparison tools, best buy websites and customer reviews. However, consumers are right to be wary - fake reviews are rife online, and the speed with which deals and discounts come and go adds extra pressure. In addition, many more vulnerable members of our society are being left behind without the tools or resources they need to navigate our increasingly digital world.

Consumer rights advice

Consumers continue to benefit from our helpful independent advice and practical tips to help people tackle common problems and issues that can leave consumers feeling disempowered. Seven million people have used our consumer rights website this year, with more than 278,500 unique uses of our tools. The tools we provide have successfully helped consumers make 139,000 PPI claims against major banks and providers, nearly 31,000 faulty goods complaints with retailers and around 13,000 flight delay and cancellations compensation claims from major airlines. Digital improvements to our consumer rights website have helped to improve the user journey into related additional content that may be helpful.

The tools we provide have successfully helped consumers make 139,000 PPI claims against major banks

Picking between products and services

We continue to help consumers make informed choices thanks to our Best Buy and Recommended Provider endorsement logos, which are only awarded to the very best products and services in our rigorous consumer-centric testing and analysis. We are constantly looking to understand what matters most to consumers so that the criteria against which we test products and assess services reflect real-life usage and priorities. For services we conduct large customer surveys and combine this insight with our expert analysis to ensure winners are consistently excellent in all areas that matter to consumers, for instance fair policies and transparent prices.

This year we have reviewed 3,704 products and 968 services in more sectors than ever. We awarded 908 Best Buys and 120 Recommended Providers, in comparison to the previous year where we awarded 894 and 101 respectively, empowering all consumers and not just members to make good choices in a wider range of services than ever before. New categories include supermarkets, boiler servicing cover and student bank accounts. The winners of this year's Which? Awards were celebrated in June at the annual event in London, with 140 business leaders in attendance. We also introduced a new award for 2019, Your Consumer Champion Award, which was the first time businesses could nominate a colleague for a Which? Award. The award was won by Natalie Ledard from Monzo for creating a gambling block that protects more than 110,000 of the bank's vulnerable customers.

We continue to optimise our efficiency to ensure consumers get the most up-to-date and cutting-edge information, and have successfully improved our coverage as well as the speed to turn around reviews. In most of our core product categories we've driven down 'time to market', from the launch of a product to the publication of our review, by 72% in the past three years. For instance, delivering washing machine reviews in 68 days compared to 273 days in 2016, while still maintaining the rigorous testing that sets us apart from other review providers.

The power of our investigations to get to the truth

There is a real need for truth in today's complex and opaque world, and so we investigate a broad spectrum of consumer issues in order to inform and, in turn, make things better for people in all walks of life. We use our findings to directly influence companies and industry bodies, as well as policy makers and regulators.

To get at the issues that matter most to consumers we've used a broad range of investigative techniques including hidden camera filming to uncover the car hire lies told in airports, going undercover in fake review farms on social media, testing low-fat sausages to see if they really are low in fat and analysing giant data sets to discover where banks are closing or which airlines have the worst delays.

Our persistent approach of chipping away at poor practice within the car hire industry through investigation after investigation has really started to deliver results this year. Using our evidence, the Competition and Markets Authority has been reviewing whether car hire firms have been complying with commitments previously made on clear prices. In many cases the companies were not compliant but after pressure, the big five car hire companies have all updated their practices so that any charges are more prominent, accurate and clear.

Our investigations also made the headlines in national newspapers, on television news and online, showing the power of our research and ensuring that our findings reached millions across the UK.

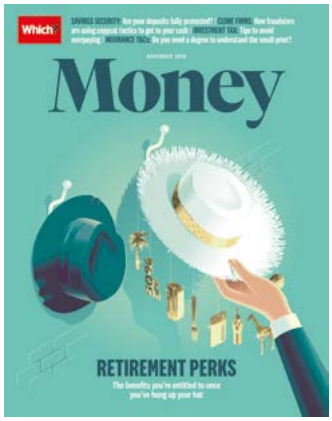
This year we have reviewed 3,704 products and 968 services in more sectors than ever, awarding 908 Best Buys and 120 Recommended Providers

Relevant and engaging content that is easily accessible

Our members continue to benefit from a variety of journalism across all five of our magazines and online. Our customer satisfaction research has shown a third consecutive year of improvement in the 'issue rating' for Which? magazine, with 94% of members telling us that they learnt something new as a result of reading the magazine. Over the course of the year we had 126 million visits to our which.co.uk websites, compared to 120 million last year. *Which? Computing* continued to be the UK's bestselling technology magazine.

Our most successful articles reflect the diverse interests of our members as well as some of our highest impact areas of organisational activity. The truth about supermarket chicken (*Which?*, May 2019), Why contactless cards are safer than you think (*Which? Money*, June 2019) On test: password managers (*Which? Computing*, Dec 2018), Airline seating: pay more or be split up? (*Which? Travel*, March 2019) and Gardening jobs for October (*Which? Gardening*, October 2018) all topped our regular reader polls for all round excellence, utility and high readership.

We've successfully redesigned and relaunched both *Which? Travel* and *Which? Money* this year by refreshing the look as well as focusing and tailoring the content. This has been complemented by enhanced digital journeys and services - from topic-focused newsletters, to applying our research rigour to new areas of financial and travel products and services.
In April we launched a new Which? Gardening Facebook group which has quickly grown to 1,500 members. It is proving to be a highly engaged community where members and non-members swap gardening tips, queries and pictures.



Diversify and optimise

We continue to optimise and diversify our testing to ensure we are as rigorous, relevant and as thorough as we can be. We're maximising our overlap with international consumer group partners and participating in more joint tests than ever before. This significantly reduces our costs and allows us to benefit from the collective insights, expertise and voice of a global network of consumer organisations. This year coffee machines, laptops, nappies, stair gates and batteries have all joined our roster of joint tests.

We are always listening closely to members to understand what is important to them and what they expect of us when it comes to research. On Which? Conversation, a dedicated sustainability discussion has been established, helping us to understand how important the issues of sustainability and the environment are to consumers. Taking on board their ideas, we have started to delve into the sustainability of products, piloting repairability tests in our key dishwasher and washing machine categories. We have updated our reliability survey to better unpick data about product longevity, added packaging assessments to numerous product areas and worked with our international partners to develop our joint tests. Our research into the production of mobile phones and conflict minerals in the April issue of *Which?* was our first deep dive into the ethics of the manufacturing process itself. We also made the decision to change our magazine wrap from plastic to a biodegradable material, and we have been pleased with the positive feedback so far.

In the same vein, and to ensure continuity with our campaigning work, we have built and rolled out at scale a connected product data security test that assesses the data security vulnerabilities of products. The test, already built into six product categories, has been piloted in a further dozen categories including baby monitors and coffee machines. Each time we find an issue, we disclose the details to the manufacturer, requesting an urgent fix. To date we have had a 100% successful fix rate.

126 million visits
to our which.co.uk websites

Supermarket recycling:

We worked closely with the BBC online to develop a short film bringing our analysis to life and showing viewers what to look out for when shopping and how to become more efficient at recycling at home. The video was shown across the BBC online and used in broadcast news, timed to coincide with a press release about our findings. In total, the video reached 5,749,128 people. The news story generated 275 pieces of coverage and reached more than 37m people.

"A genuinely useful piece of journalism." BBC News Online producer

Innovation

We continually need to innovate our research methodologies and content in order to bring to life the consumer experience in ways that hit home. We have challenged ourselves this year, using data in fresh ways. We've hacked connected products, we've tested for toxicity of dolls and put real insurance policies in front of consumers to test their understanding and prove they are confusing.

We know members expect information to be readily available and accessible via online platforms and so we have focused on improving customer experience and ensuring new platform capabilities are smoothly integrated. We are constantly making changes to our online services to improve both user experience and performance. By using insight from user testing we make sure members are always at the heart of any technology development, ensuring their problems are solved and they can get what they need as quickly and easily as possible.

As part of this we have renewed our focus on a mobile-first approach. Mobile users now account for 50% of our non-member and new audience and, as such, both app development and our core product reviews have received significant focus to improve the mobile user experience. Results have been positive, with a 14% increase year-on-year in total sessions across web and app products, and a huge 75% increase in app sessions year-on-year. We heard from our customers that we offer a 'huge' range of reviews content but many members lack the time to evaluate it all. This provided us with a challenge. With this in mind, in November we introduced our Smart Recommendations feature which, through a few simple questions, helps narrow the results based on their needs.

We have made significant progress to improve our content quality and depth, as well as the ways in which people can access it, including via improved digital avenues. This year we have concluded that we need to integrate and focus our offering, and this includes the numerous sites we operate in isolation.

As a result, in June we decided not to continue with Which? University and Birth Choice as stand-alone sites. Instead, we will be exploring how we can integrate the most relevant content into the main Which? website, where we will continue to provide free help to people and build on the audiences that each site has developed. We anticipate that both these sites will close by the end of January 2020. While continuing to operate the websites is no longer suitable for us as an organisation, their impact has been significant.

The Birth Choice site has reached millions of users – including more than a million in the last year – with its unique, personalised and Royal College of Midwives-endorsed advice and guidance around maternity choices and pregnancy. More than 100,000 people have used our free 'Where to give birth' tool in the past 12 months alone. We're proud to have been able to support people in understanding their birth options and will continue to do so through our wider offer for parents.

Which? University has helped millions of prospective students and their families make informed decisions about their higher education options. Over 4.7 million users have accessed the site over the past year alone and the free tools have been used almost 1.5 million times. Which? University has been instrumental in ensuring that more insightful information is easily available to students and we're proud of the changes we have driven.

"When I picked up my latest copy of the Which? magazine that has just been posted through my letterbox, I received the best news in years and it had nothing to do with the content. I noticed that my favourite magazine, which I am a subscriber of for over 20 years, arrived in a new wrapping. MADE FROM POTATO STARCH and 100% compostable. This is how we improve the world." Henniebotha, Convo

Championing consumers, challenging government and business to deliver our purpose

As the only not-for-profit organisation in the UK working at the intersection between consumers, business and policymakers, and operating entirely independently of business, grant-maker or government funding, we are able to act as a truly independent champion and advocate for UK consumers to create large-scale and lasting positive change.

We use research, analysis, policy-influencing and public campaigning to hold businesses to account and influence them to do better for consumers, and to help us act as both critical friend and partner to policy makers - providing the evidence, support and direction needed to build better policy solutions.

Consumer finances

Whether just managing everyday finances, choosing the right bank account or credit card, or making lifetime financial decisions about savings, investments or pensions - engaging with financial services is an important part of our day-to-day lives. However, we know that some financial institutions and businesses don't make it easy for consumers to understand products and services; not all providers offer a fair deal and independent financial advice is not readily accessible nor widely trusted. These factors combine to create substantial consumer harm in the financial sector, making it a continued priority for our work as we tackle the issues that can leave consumers worse off than they should be and potentially facing financial hardship.

Reducing unfair overdraft charges

Consumers using unarranged overdrafts face significantly higher interest rates than those using other forms of borrowing, including arranged overdrafts. Our campaigning has highlighted how banks are exploiting consumer inaction, with charges much higher than could be justified by any increased risk of lending. This year the Financial Conduct Authority (FCA) reviewed unarranged overdraft charges and confirmed what we have been saying in our campaigns.

We contributed to the FCA's overdraft review and their consultation on remedies to address the problem, and the result was a set of proposals and a commitment to fundamentally reform how banks charge for overdrafts in line with our campaign asks. In June the FCA ruled that from April 2020, banks will no longer be allowed to charge daily or monthly overdraft fees and people will no longer pay more for an unarranged overdraft than an arranged facility.

Protecting access to cash

Our "Freedom to Pay" campaign, launched last year, aims to stop the UK drifting towards an entirely digitalised payment structure and becoming cashless before we are ready. This year we drew on our research into bank branch and ATM closures and collected and shared consumer stories about the impact of reduced access to cash to urge the Treasury and the banking sector to consider the implications of this rapid change for those who still need and want access to cash.

Our pressure for a government review of access to cash was successful and once the independent Ceeney Review was underway, we contributed our evidence and information about consumer concerns to influence the review's report and recommendations.

In May we held our own successful Access to Cash Summit "Securing our Freedom to Pay" which stimulated debate between more than 100 industry leaders, representatives of government, regulators, charities and academics on how to ensure consumers retain the freedom to pay for goods and services in the way that they need or want to. We kept up the pressure for a regulator for cash and in May the Treasury publicly announced that the government will protect access to cash for those who need it and will bring relevant regulators together to form a new group to tackle the issue.

Money will be one of our four organisational impact priorities, allowing us to build on the progress and important change we have made this year.

Cash Summit
Securing our Freedom to Pay

"Well done Which? and thanks for raising this on our (the public) behalf. I feel happier now knowing that the Chancellor has listened and will hopefully do something to stop this shocking practice of closing down ATMs and charging people to get their own money. The banks earn enough from big business – it's just greed to take it from us." Shelly, Convo

Connected consumers

Digitalisation is transforming every aspect of our lives. As the internet of things (e.g. 'smart' devices), voice activation and artificial intelligence continue to develop, consumers are increasingly using digital products and services not just to buy products and access services but to control their homes. Social media is also increasingly being used for commercial purposes. While many benefit from these changes, some are being left behind – for instance because they lack reliable access to mobile or broadband services, and pace of change is posing challenges to traditional frameworks for consumer protection. To engage in our increasingly digital world, people need good connectivity and they need to be assured that they and their data are safe and protected from harm when they engage as digital consumers.

Improving connectivity for consumers

This year we actively engaged with Ofcom, government and industry on the issue of mobile coverage, including writing directly to the CEO of Ofcom to raise our concerns about the impact of poor coverage on consumers. We called on government to publish a plan for how it will meet its ambition to deliver 95% geographic 4G coverage across the UK by 2022. We also engaged with Ofcom on its plans for coverage obligations and with mobile network operators and the government about the potential of a shared rural network to address coverage issues and bring about improvements.

Which? has spent many years campaigning for effective change in the broadband market. At the start of this year two initiatives we campaigned for came into force. In March, a new code of practice designed to give new customers a more accurate picture of what speeds they will get was introduced, and in April broadband customers started benefiting from an automatic compensation scheme. Ofcom also agreed to introduce end of contract notifications from 2020, advocated for by Which?, meaning customers will know when their contract is coming to an end and how to negotiate the best deal.

In June Which? hosted Ofcom's "Fairness for Customers" conference, looking at the fairness agenda in the telecoms market. We had 121 attendees including Chief Executives of the big communication providers. We used the event to engage these important stakeholders with the emerging findings of new research that we have done with Britain Thinks to explore in greater depth the barriers to consumer engagement in the broadband market.

Protecting consumer data

At the end of last year we published the findings of our first in-depth study into consumers and their data in our *Control Alt Delete* report. Our research found that many consumers feel disempowered, unsure of either the impact that data use has on them or whether it is even worth trying to take any action about practices that concern them. This year, since publishing the report, we have actively promoted our findings, sharing our recommendations with those who can help us bring about change that will benefit consumers.

We presented our evidence at several party conferences, contributed to parliamentary debate on data, the digital world and internet regulation in parliament via the House of Lords Communication Committee, participated in a BEIS Roundtable discussion on Smart Data Review and engaged with the European Consumer Association (BEUC) about work on consumer data policy.

We also used our evidence to engage with the new Centre for Data Ethics and Innovation (CDEI) on the use of people's data for online targeting and contributed to the Furman Review on Digital Competition, which when published in March, included several of the calls for action on advertising and competition in digital industries that we had highlighted in our *Control Alt Delete* report.

We will continue to work on connectivity, digitalisation and data as part of a wider programme of work on digital engagement as one of our four organisational impact priorities.

Influencing the consumer rights landscape

For Which? the consumer rights framework is the backbone of everything we do. For us to succeed in making consumers more powerful we need a consumer rights system that works; one that makes sure consumers are protected from harm, and that holds companies to account if things go wrong.

This year has seen significant levels of activity across Which? to ensure consumer rights are respected and protected in areas from food safety and transport to scams, and to ensure future protection of consumer rights as the UK leaves the EU. We have also invested in building better relationships with the UK nations and regions and devolved decision-making bodies to support future advocacy work.

Improving enforcement systems and preparing for Brexit

As uncertainty around the UK exit from the EU continued, this year we continued our work to ensure the government keep consumers' interests at the forefront of decision-making about trade and markets, and to ensure that access to good quality, safe and affordable products is maintained and existing consumer rights are protected.

We produced analyses of a number of Brexit-related topics, including food standards, travel, future trade policy and consumer rights, as well as the potential consumer impacts of a no deal. We also developed a strong set of policy recommendations for how our current enforcement system could be improved.

We have used our proposals as the basis for our influencing work since, for instance, hosting our own well-attended "Food Beyond Brexit" event for government officials and other relevant agencies.

Improving product safety

We continued to build on our long-standing 'End Unsafe Products' campaign with the aim of ensuring fewer consumers experience harm as a result of unsafe products.

We helped ensure that consumers faced less risk of harm from unsafe tumble dryers, fridge freezers, carbon monoxide and smoke detectors, and children's safety items and toys.

We kept up our pressure on Whirlpool, helped by 7,000 of our supporters contacting the Office for Product Safety and Standards (OPSS) demanding the release of its investigation into Whirlpool's handling of its fire-risk tumble dryers. Our persistence paid off in June, when the government announced Whirlpool must now recall the 500,000 unmodified driers still in people's homes.

Through an industry standards committee we influenced the introduction of a new fridge freezer safety standard, effectively banning manufacturers from making fire-risk plastic-backed products, also successfully influencing some companies to stop selling or making such products even before the ban comes into force.

Thanks to our product testing and investigations, we identified and had removed from sale more than 250 unsafe CO and smoke alarm listings being sold via online marketplaces; unsafe child seats which are illegal to use in the UK; unsafe stairgates and cot bed mattresses; and slime products that contained dangerous levels of the toxic chemical boron.

Strengthening travel rights

The government's announcement of one-click compensation in October was one in a succession of wins for consumers we have seen since our original Rail super-complaint forced more decisive action on rail compensation. Our work on passenger rights under the Consumer Rights Act also bore fruit this year. When one of our investigations showed how some rail companies were misleading people about their rights to claim, particularly for consequential losses (e.g. taxi fares or hotel bills incurred when trains are delayed or cancelled), our pressure led the Office for Rail and Road to write to Train Operating Companies insisting that they take our findings seriously and comply immediately with guidance on how to inform consumers about their compensation rights.

We kept up our pressure for a statutory ombudsman for rail and when the Rail Delivery Group made a commitment to introduce a new ombudsman scheme we were part of the delivery taskforce set up to make it happen. Passengers can now escalate complaints that they believe have not been handled properly to a free, independent ombudsman service with power to investigate complaints, award passengers compensation and make decisions which are binding on rail firms.

This year, to feed into the Department for Transport's major rail review the Williams Review, we conducted extensive primary and secondary research and met and talked to the review team and other key stakeholders. Most importantly we consulted and listened to passengers. This work culminated in a successful Rail "Listening Event" in February which gave the Review Team and other key stakeholders the chance to hear the realities of rail travel direct from consumers.

250 unsafe CO and smoke alarm listings removed from sale as a result of our testing and research

Safeguarding consumers from scams

Scams cost consumers millions of pounds each year and the emotional harm and financial loss can destroy lives. Scams are increasing in both frequency and sophistication, as technology lowers the cost of reaching millions of people instantly. Anyone can be targeted and even those who consider themselves tech savvy are not immune.

Much of the work of our "Stamp Out Scams" campaign this year took place behind the scenes. We were a key member of a cross-industry working group set up by the payments regulator to tackle Authorised Push Payment fraud following our 2016 super-complaint. This group developed a voluntary code for banks to adopt that requires them to do more to protect their customers. Critically, it also means that victims of bank transfer scams will also now be reimbursed if they have done nothing wrong. Less than a fifth of the £228m lost by consumers last year was ever returned, so this is a significant step forward in the fight against fraud. Eight banking groups have already signed up to this code. We also kept up pressure for the introduction of Confirmation of Payee after delays were announced in implementing this earlier campaign win.

Building consumer insight for the future

We base our policy positions on the best possible evidence we can find, and key to this is the evidence we gather about consumer needs, experiences and concerns. This year for the first time we published 12 consumer insight reports covering Wales, Scotland, Northern Ireland and the nine regions of England, highlighting the spending habits, optimism, trust and worry of consumers in these areas. These generated a lot of interest from ministers, policy-makers and parliamentary researchers, helping us build new links to create change in the future, and reinforcing our position as an authoritative source of consumer insight across the whole of the UK.

Consumer rights will remain, as it always has been, a priority for our work and it is one of our four new organisational impact priorities.

Looking to next year, we must focus our efforts on where Which? can have the greatest impact. As explained, as part of our organisational strategy review, we have identified four organisational priorities: money, digital life, consumer rights and protection and scams. These are the four areas where consumers face high levels of harm and where we have already begun to create positive impact for consumers but know that by working together across the organisation we can do more. We will continue to be reactive on major issues that arise and demand Which? to be the voice of consumers, but we will focus our resources on a reduced number of different policy issues to deliver maximum impact for consumers.

Understanding our members

Ongoing, two-way communication with members is vital to what we do. It means we have a better understanding of what matters to consumers day-to-day, what members want from Which? and how members can help us make the UK simpler, fairer and safer for all consumers. Our members' stories and experience provide foundation and legitimacy for our campaigns and their insight helps to inform our testing and research. We encourage all of our members to continue to get involved and tell us what they think through the various channels that are available, including the Which? Connect panel, via Which? Conversation and through 'voice of the customer' surveys. We know two-way engagement, an opportunity to influence and a chance to have a say is important to a number of our members and so we will be working hard to improve and increase these channels over the course of next year.

Which? Conversation

Which? Conversation is a space for members and non-members to interact with Which? as well as one another on issues that matter to them. This year we launched a new Which? Membership space which allows our members to get more involved and speak to our experts, as well as invite more discussion on the overall membership experience. Over the course of the year we had 259 conversations and more than 42,000 comments published to an audience of 136,000 community members, increasing from 119,000 in the previous year. We also saw 11,000 new community members join the conversation this year.

How we fund what we do

As a charity, we receive no funding from the government. In order to fund our charitable work, we generate income from our commercial activities including our endorsement scheme and subscriptions. This allows us to be independent and impartial in how we help consumers make informed decisions, raise awareness of consumer needs and drive positive change.

Like any business we need to adapt to changing market conditions and continually review how we generate revenue in order to ensure a long term sustainable business. This means thinking innovatively about how we can improve our subscription offer as well as looking at other opportunities for generating income that reflect our values and extend our reach with different audiences.

It is within the context of a challenging market that it became increasingly apparent that the Which? Mortgage and Which? Insurance Advisers businesses were no longer sustainable for Which? in their current form. We announced proposals to close the business in May, which resulted in impairing in full Which? Limited's investment in Which? Financial Services (see page 46).

Subscriptions

Which? was founded as a membership body, designed to ensure that the people who sought our consumer advice would financially support the rigorous and impartial research required for its success. By funding and engaging in its activities, members add legitimacy to our advocacy and research work and enable Which? to remain entirely self-funded and independent.

This year, despite increasingly competitive market conditions, our subscription revenue expectations were met, although overall performance was down year-on-year. This was anticipated following our decision to reduce our marketing expenditure on TV advertising and sponsorship following lower returns.

During the course of the year we've invested a significant amount of time to better understand how we can help our members and make the relevant content, products and services they want from Which? more accessible to them. We have conducted more than 5,000 survey interviews and held multiple focus groups to thoroughly understand what current and potential members value about Which?.

In October we trialled different subscription options with members to test whether offering more variety around pricing and content access would be of interest. Our future plans go far beyond this. They involve redefining our core membership subscription, taking a fresh look at what we currently offer, how we offer it and assessing which new features and developments should be prioritised. Our ambition is to deliver more effectively our unbiased and unmissable advice on how, what and where to buy products and services, and what to do if anything goes wrong.

We see exciting opportunities for making reviews and advice more easily available digitally at consumers' times of need and for distinguishing this better from the richer insight which forms the bedrock of our magazines. By expanding our reach, tailoring our content and delivering it through the channels and formats that meet individuals' needs, we have the ability to make our proposition more compelling than ever to existing and future members. The first outputs of this work will be launched over the coming year and will inform how we invest in providing improved services for our members.

New initiatives

Our Black Friday campaign aimed not only to raise awareness of the existence of fake reviews, but also to reach new audiences and drive subscriptions. This campaign was particularly successful, with 2,169 people taking out a trial with us in one day. During this winter shopping season we saw an increase in demand for our reviews, resulting in a surge in sign-up through our digital channels. In a challenging market for product reviews, we matched our forecasts and maintained a strong performance, reaching a customer base of 632,000 at the year end.

Which? Money online grew significantly again this year, with 20 million sessions to our money information and help over the course of the year, compared to 14.1 million in 2017/18. The social media reach increased by 181%, while almost 100,000 people subscribed to the newsletter. Our strategy to utilise our Money website to drive visits to our other commercial businesses has proved successful, generating more than 16,000 leads and more than 7,500 trialists. Investment in a podcast platform allowed us to launch Money podcasts with six episodes aired, opening up the ability to provide similar content where relevant to our audiences. We have had a total of 13,000 listens across all channels, with the average listener consuming around 80% of the podcast.

Our social media has proved an effective channel for sharing content, as well as a route to engage with and attract new members. This year across our social media channels including Facebook, Twitter, Linkedin etc, we connected to 400,000 social followers, with a reach of 70.2 million, an increase of 46% on last year. This year we launched our first Instagram account which has focused on targeting the next generation of Which? subscribers through brand stories and engaging content. The page reached the 5,000 follower mark, allowing us to receive verified status and helping us to better utilise the channel for traffic to the Which? website.

Endorsement scheme

Our endorsement progamme is going from strength to strength. When companies are awarded a Which? Best Buy or Which? Recommended Provider status as a result of our independent testing, analysis and surveys, we offer them the opportunity to purchase a licence to use our logo in their marketing. This year, we expanded our testing into new categories and awarded 108 more Best Buys and 19 new Recommended Providers compared with the previous year. Additionally, Which? Travel has added five new review categories, covering 150 new travel providers. This expansion, plus the inherent value to brands and consumers of our awards, means we have increased our sales of licences and delivered a profit above target.

Our other businesses and services

Which? Trusted Traders delivered a profit for the second year in a row, with both application and endorsed trader numbers finishing ahead of forecast, with 369 traders joining the scheme and retention rate remaining high at 88%. This year we have focused on improving trader compliance by setting up compliance triggers, complaints monitoring, review moderation and more regular phone calls to customers by our account managers. To support this, we have created a new in-house moderation team whose role is to moderate 100% of reviews received so customers are not misled.

Which? Switch provides consumers with a transparent and impartial way to compare energy tariffs and find the best gas-electricity provider for their needs. This year almost 1 million people used our Which? Switch energy site, and of the 13,000 who went on to switch, they saved on average £262 per person. In September 2018 we added a broadband switching site which has helped to increase customer visits. The energy service continued to drive consistent revenue despite tough trading conditions because of the rapidly changing nature of the sector. We continue to monitor these changes to ensure the business adapts where necessary.

The Which? Money Helpline gives independent one-to-one guidance over the phone on all sorts of money matters, from tax to travel insurance. This year marks a milestone for the Money Helpline. Reaching its 10-year anniversary, the service has surpassed the £4m mark recovered by individuals following guidance from the Helpline. We received 16,687 calls over the course of the year, and helped to claim back a total of £691,525, achieving an impressive 91% satisfaction score in the process.

"Right from the first call we knew we had the right adviser. Which is crucial when getting phone advice. James was highly knowledgeable in the subject we were seeking help with and explained everything simply, clearly and realistically. We didn't have to keep explaining or repeating anything to him – he just grasped the case from the start. We felt totally reassured and supported by him and would highly recommend."

Which? Tech Supporter

One of the main focuses for Which? Legal this year has been the successful relocation from our office in Hertford to Bristol, while minimising the impact on members. A combination of dedicated recruitment, bespoke induction and onsite support from existing people meant the Which? Wills and Which? Legal operations successfully relocated ahead of schedule. It's been a busy year for the team who have answered 85,000 calls and sold more than 8,000 wills and power of attorney products to customers.

As part of our commitment to improve the choice we offer members, we have been testing new legal propositions with members, including for example a single sale option. In addition, we continue to promote Which? Legal services and products to members who are visiting Which? through other parts of the website, or alternative channels.

This year the Tech Support team have helped more than 20,000 members, taking more than 11,400 calls, in comparison to more than 7,200 in the previous year. The team also sent more than 8,675 emails and conducted 5,955 remote access sessions. The remote access tool has proved very popular with members because they can not only get their problem resolved quickly by our experts but the member is also able to see their tech issues being resolved in real time on their computer. Many members have commented on how this aids their learning and confidence with tech in general.

Customer satisfaction levels are high at 95% and our net promoter score (the percentage of people likely to recommend us) has achieved a monthly average of 81%.

The team have been focusing their efforts on making a difference to members in areas that Which? as a whole is looking to make an impact in. One of the areas which has been identified that we can help tackle on a day-to-day basis is scams, as more people experience scam calls and phishing emails. After a concerned member contacted our Tech Support helpdesk team about a worrying series of phone calls (apparently from Microsoft), he was reassured by a Which? Tech support expert that this is a commonplace scam and that callers can be persistent. We advise members to hang up the phone as soon as it's determined to be a scam, and to add a 'call guardian' feature to their home phone. The following is feedback from our W?TS subscriber, ***'A very prompt response confirmed my thoughts that I was being scammed. It's good to know Which? have the experts to sort out issues like this.'***

Serving our members

We are committed to providing the best possible customer service for our members and in January we officially opened our new Member Services Centre in Cardiff, having relocated from Hertford. Over the course of the year we received more than 277,500 calls and more than 156,000 emails.

We have worked hard to minimise the impact on members during the transition. Customer service remains at the heart of our proposition and we are committed to improving our performance and ensuring that our members and prospective members are supported to the highest level however they chose to communicate with us.

Reserves, risk and compliance

Group balance sheet and reserves

Total group reserves increased by £4.4m to £56.4m at June 2019, largely reflecting £2.2m of in-year investment gains and a £1.9m reduction in the FRS 102 pension liability. The profit on sale of the Hertford freehold combined with cost savings more than offset the one-off costs of change and closure that resulted from the new strategic direction and focus.

Key points to note from the balance sheet include:

- The £0.9m increase in intangible assets reflects an uplift in software costs as we seek to improve our digital platforms.
- Tangible assets decreased by £1.8m, with the sale of the Hertford freehold property during the year more than offsetting the fit-out costs of our new Cardiff member services centre and final costs of the Marylebone Road building project.
- The investment fund remained at a similar level year-on-year with both realised and unrealised gains (£2.2m) combined with in-year income (£0.4m) offsetting a £2.7m cash withdrawal that provided additional working capital for the organisation.
- Creditors due within one year fell by £3.6m to £20.7m largely because the June 2018 balance was unusually high because of the Marylebone Road building project.
- Creditors due after more than one year fell by £1.4m because of continued repayment of the outstanding mortgage balance.
- The defined benefit pension liability is now recognised at zero (June 2018: £1.9m liability). The external valuation indicated a £0.6m asset, this was not recognised. Of this £1.9m liability reduction, a £0.2m charge was reflected through the pension reserve with a £2.1m in-year benefit offsetting in-year expenditure.

The decision to close the Which? Mortgage and Insurance Advice services resulted in a £25.1m impairment within Which? Limited's financial statements. However this had no impact on the group financial statements because all costs within the business were written off as incurred.

Reserves policy

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

1. Providing some protection against potential risks that could impact the organisation; and
2. Offering some flexibility should investment need to be made within the business.
3. Ensuring there is sufficient working capital across the group;

Note, this year's reserves review was deferred to just after the financial year to allow for the completion of the strategy review. All our reserves were unrestricted, with no material amounts designated for specific purposes in future years.

The Council of Trustees concluded that reserves were sufficient to fund both the expansion of our charitable activity that provides positive impact for consumers and appropriate commercial activity to generate long-term growth.

Taxation

In the year, Which? Limited made £10.0m of gift aid contributions to Consumers' Association (CA). Following the full impairment of Which? Limited's investment in its wholly owned subsidiary (Which? Financial Services Limited), Which? Limited had negative distributable reserves of £(5.1)m. Further gift aid contributions cannot be made by Which? Limited to CA until it has sufficient distributable reserves. Until this point, we do not anticipate any funding issues for CA because it has sufficient reserves to cover ongoing trading. As CA is a registered charity, no corporation tax was payable on its net outgoing resources.

Pension schemes

During 2018/19 the group operated both a defined contribution and a hybrid pension scheme. The hybrid scheme combined the features of defined benefit (final salary) and defined contribution schemes. It was closed to future accrual in March 2019. At 30 June 2019, the hybrid scheme, valued under the FRS 102 accounting basis had a £0.6m asset (£1.9m liability at 30 June 2018). However, we recognised a zero asset position in the balance sheet.

Also during the year, the company agreed to the 31 March 2018 triennial valuation on a technical provisions basis and subsequent recovery plan with the pension Trustees. The valuation was a £10.7m deficit (31 March 2015 – £14.7m deficit).

Future plans

During the year a new strategy was developed and approved by the Council of Trustees. Further detail on this new strategy can be found on page seven. As we look ahead to the priorities for the next financial year, we are able to identify some key deliverables and priorities. These include increased digital development, the exploration and development of new revenue streams and the implementation of the Governance Review recommendations.

Risk management

Successful management of risk is fundamental to the reputation of Which? and the successful delivery of our strategy and objectives.

Our formal approach to risk management is delivered through the application of our risk framework, which sets out the mechanisms through which the organisation identifies, evaluates and monitors its principal risks and the effectiveness of the controls put in place to mitigate them. This includes the Council of Trustees and the subsidiary commercial Boards' review of a detailed group risk register which identifies and evaluates significant business, financial, operational, compliance and reputational risks. The Council of Trustees has overall responsibility for the effective management of risk within the group.

Principal areas of risk	Key mitigation activity
Technology and Innovation Our ability to make a meaningful impact for and with future consumers, and to create an offer that our audiences can't live without, is contingent on the delivery of benefits from new technology platforms and on our approach to innovation. This will ensure that we remain relevant in a fast-changing environment.	We are continuing to implement new technologies and platform enhancements across the business, and have established a Product function to champion new ways of cross-organisational working in line with our innovation framework. We continue to test and learn in order to enhance our consumer offer and are also working to ensure we understand and track our relevance more effectively for our different audiences.
People and organisational change Successful implementation of our strategy requires a significant amount of organisational change, and in particular people with sufficient skills, capabilities and motivation. Continuity and reliance on key persons are also important considerations, particularly in the context of significant changes at a management level.	We have recently changed our organisational structure to better support our new strategic direction and provide the skills and capabilities we need for the future. We are refreshing our approach to reward, recognition and employee engagement, and continue to develop both our people and our employer brand.
Governance Changes in the external environment (including regulatory) put volunteer Trustees in positions of considerable responsibility and public accountability that were rarely known even 10 years ago. Our governance structures need to be updated to ensure Trustees can focus on the strategic issues that matter most to the organisation and allow for agile decision making in the future. It must ensure we have Trustees with the right skills to provide expert stewardship as well as reflect best practice.	An in-depth review of our governance has been completed. We expect to implement changes over the course of 2019/20 with some of the most significant proposals due to be voted on by members at the 2019 AGM.
Financial sustainability We recognise that we need to put our resources to best effect while we evolve and strengthen our commercial offering, in order to defy a challenging publishing market and protect the group against a potential reduction in income.	Building a sustainable business model is an important strategic focus for the organisation. Separately, we are strengthening our approach to cost management which includes improving our procurement and benefit realisation frameworks and is also supported by our new programme management office.
Living our values Maintaining our independence and being true to our values in all that we do are really important to us, particularly as we seek to adapt our group activities, including expanding our commercial relationships with businesses, in line with our new strategic direction. We continually need to ensure that our own customer offerings are consistent with our values.	Our key mitigation activities included launching a new set of internal organisational values supported by a dedicated communication and engagement strategy, and the continued operation of key value-based policies and processes such as our guiding principles relevant for all commercial third party relationships. We have recently reviewed our customer offerings in the context of our values and are carrying out some remedial actions.
Cyber In common with similar organisations, we make extensive use of technology solutions for data management and communications, and recognise the need to ensure that our data and systems are adequately protected against misuse.	This year we have strengthened our information security function and have begun work to better educate and train our people on key information security and cyber risks, as well as continuing to improve our system defences against cyber threats.
Brexit The UK's planned departure from the European Union presents us with a risk to revenue as well as challenges to the continuity of product testing. The lack of clarity around Brexit also means we may not be able to ensure that consumers are adequately prepared, and could impact delivery against our charitable objectives.	We have set up a cross-organisational Brexit group which coordinates internal efforts, including our work to develop relevant content and influence key policy makers. We carried out risk-based contingency planning in advance of the original Brexit deadline and are repeating this as we near the revised leave date.

Risks are kept under regular review by the management team, with the Group Risk function providing support. The Group Risk function summarises and communicates risk information for senior management, the Council of Trustees, commercial subsidiary Boards and the Group Audit & Risk Committee. It also works with the management team to review mitigation designed to reduce risk to appropriate levels and embed and strengthen our risk management arrangements.

A principal risk is one considered material to the development, performance, position or future prospects of Which?.

Third-party relationships

Trustees adopted six guiding principles to cover relationships with third-party organisations where we receive a commission, referral fees or other benefits for delivering a commercial service to consumers. These principles can be viewed on our website: *https://www.which.co.uk/about-which/company-info/third-party-relationships---principles.* We remain satisfied that relevant relationships adhered to these principles during the year.

Modern slavery

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

Although we consider the sectors in which we and our supply chains operate to be at lower risk of slavery, we continue to review our internal policies and supplier arrangements to ensure ongoing compliance to the UK Modern Slavery Act. Our Modern Slavery Act statement can be viewed on our website: *https://www.which.co.uk/about-which/company-info/which-anti-slavery-statement*

Data privacy

Which? has been running an extensive privacy programme across the organisation to ensure that all the data privacy principles set out in the Data Protection 2018 and General Data Protection Regulation are, and continue to be, complied with.

Governance

Overview

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

Role of the Council of Trustees, the Chief Executive, Leadership Team and group boards

The governing body of CA is the Council of Trustees (Council) which is the most senior governance body within the Which? group. Council Trustees are also company directors for the purposes of charity law and company law. The governing document of the charity is its Articles of Association. Trustees are required to promote the success of the Charity for the purpose of furthering the Charity's objects (set out on page nine) for public benefit. This includes satisfying itself that the group's commercial operations will be able to provide it with a sustainable income to apply to the charity's charitable objectives over the long-term, and approving the direction and overall strategy of the charity and the group.

The Chief Executive, who is not a Trustee, oversees the day-to-day operations of the charity and its commercial subsidiaries with support from the Leadership Team.

The commercial subsidiary Boards provide an additional level of oversight, with the directors of those boards having the specialist skills and experience to both support and constructively challenge proposals on the group's commercial direction and directly oversee the delivery of the organisation's achievement of commercial strategies and business plans. A structure chart of the boards as at 30 June 2019 can be found at: *https://www.which.co.uk/about-which/company-info/governance-overview*.

Composition of Council and group boards

At 30 June 2019, Council had 15 Trustees, of whom eight were elected by members of the CA and six were co-opted Trustees appointed by the rest of Council. The 15th Trustee, Charles Wander, was appointed as an interim elected council member following elected Trustee, Sharon Darcy, standing down from her role in year. Charles came fourth in the 2018 election and had the right skills to be able to support Council with its work programme up to the 2019 AGM (the interim period for which Council appointed him in accordance with the Articles). Sharon has supported the CA over a number of years and we thank her for her contribution as a Trustee, as a former chair of the Group Audit & Risk Committee and a member of the Council Policy and Campaigns Sub-Group.

The names of all Trustees during the period are on page 58 alongside their attendance at meetings during the year.

Over the year, Council's composition also changed when we welcomed back Mel Fuller as a co-opted Trustee. Mel had previously been an elected Trustee, but did not stand for re-election in 2018. However, as a vacancy remained for a Trustee with commercial experience, Council agreed to appoint Mel as a co-optee until the November 2019 AGM while it undertook a search using an external search agency. Mel has the benefit of knowing the CA and Which?, as well as commercial skills that have been valuable to Council as it considered proposals related to the strategy review.

The Board of CA's principal commercial trading subsidiary, Which? Limited, is made up of independent non-executive directors, senior employees and a Trustee. The Council Chair also attends all Which? Limited board meetings. The board of the other trading company within the group, Which? Financial Services Limited, included a mix of senior employees and independent non-executive directors.

Work of the Council of Trustees throughout the year

Trustees have given significant time commitment to the organisation this year. This has included overseeing and approving orderly transition and succession arrangements as Anabel Hoult stepped into the role of Group Chief Executive.

Trustees have supported Anabel Hoult in reviewing and approving the new strategic direction and starting a programme of work to reshape the organisation to deliver this against new direction. This includes approving the decision not to continue funding ongoing operations within Which? Mortgage Advisers and Insurance Advisers and supporting a closure programme for those business.

Trustees have also spent considerable time in the year engaging with the Governance Review Committee and on succession planning, with Tim stepping down and the two Deputy Chairs reaching their maximum terms.

Council is assisted in its work by a number of formal committees, ad hoc committees and working groups as well as the work of the commercial subsidiary Board. The aim is to ensure that Trustees have sufficient oversight on key issues for the Charity. Details of the committees and working groups, and a summary of their work in year are provided below.

The organisation remains hugely grateful to its committed Trustees who are increasingly called upon to become involved in many different aspects of the organisation's work. Trustees provide their time on a voluntary basis because of their belief in the values and purpose of the organisation. Without their commitment, the organisation's future would not be on as stable a footing as it is now.

Group Audit & Risk Committee

Detailed oversight of the group's financial reporting and risk management arrangements is delegated to the Group Audit & Risk Committee (GARC), with the Risk, Audit & Conduct Committee of Which? Financial Services Limited overseeing specific compliance, customer and risk matters in relation to its regulated financial advice services. Both committees have at least one member with recent and relevant financial experience.

GARC's is a joint committee of the Consumers' Association and Which? Limited. It's specific responsibilities include monitoring and reviewing the integrity of the group's financial statements, assuring itself that internal audit arrangements are effective and that internal controls around information security, financial records and the external auditor are reliable. GARC also oversees the effective operation of the risk management framework, receiving assurance and information about the mitigation of key risks from both management and independent sources during the year. GARC provides subsequent assurances and information in its report on its work to the Which? Limited board and Council. There is more information on how we manage risk on page 24.

In 2018, our AGM notice included a statement that a replacement PwC audit partner would be considered to ensure partners are rotated in line with best practice. GARC has agreed to take this matter forward and remains satisfied with the current partner.

At 30 June 2019, GARC was made up of five members (30 June 2018: five), which included representation from Council, the Which? Limited board and the Which? Financial Services Limited board.

The Committee is chaired by Ian Hudson, a non-executive director of Which? Limited. Ian replaced Tony Ward, a non-executive director, as chair at the beginning of 2019. Tony also resigned as a committee member and was replaced by David Woodward, a Trustee, in February 2019. The Committee met four times during the year (2017/18: four) and was satisfied that the information presented to it identified no significant concerns regarding internal controls across the group.

Investment committee

Council delegates responsibility for managing investment policy to the Investment Committee, within a framework agreed by Council. The Committee was made up of three members, two of whom were Trustees, with a third independent external member providing investment advice. The Committee is chaired by Brian Yates.

The CA's investment portfolio continued to be managed in-house, with Barclays Corporate Investment Solutions providing execution-only stockbroker services, following direction from the Investment Committee. The remainder of CA's surplus funds was held on deposit with leading financial institutions.

Nominations Committee

The Nominations Committee has responsibility for advising Council on Trustee appointments, Which? Limited non-executive director appointments and senior executive succession planning. At 30 June 2019, the Committee had seven members (30 June 2018: seven), five of whom were Council members and two of whom were Which? Limited non-executive directors. The Committee met five times in the year.

During the year, the Nominations Committee has spent its time overseeing the election process and succession planning for Council for the impending change in Council Chair and two Deputy Chairs, and the subsequent co-opted Trustee recruitment this has involved. In order to fill these roles, we engaged with the executive search firm Green Park, who have a strong focus on diversity. In addition we tried new ways to build our profile externally including a short engaging video with Trustees and a 'day in the life' of a Trustee.

It has been particularly important to the Nominations Committee and Trustees to increase the diversity of its Trustees, so that Council composition is more reflective of UK consumers. This reflects Principle Six (Diversity) of the Charity Governance Code, highlighted on page 30.

The Trustee recruitment work has been led by Jenny Oscroft, Deputy Chair, who completes her final term at the November 2019 AGM. Trustees wish to thank Jenny for her commitment to the organisation and for once again giving her time extensively.

Remuneration Committee

The Remuneration Committee is responsible for advising the Council of Trustees on group remuneration principles and policy, as well as having particular responsibilities for elements of senior executive remuneration (see page 34). At 30 June 2019, the Remuneration Committee had four members (30 June 2018: four), all but one of whom are Trustees. The Committee was chaired by Caroline Baker.

Over the past year, under Caroline's leadership, the Committee has considered options for aligning executive and all staff pay, the objectives and the metrics for the executive variable pay plan for the 2018/19 and 2019/20 financial years and considered performance of participating employees against the 2018/19 objectives.

Other committees, sub groups and working groups

The Council of Trustees has a number of other committees, sub-groups and working groups which assist it with its work. Three of the most significant groups which have undertaken work throughout the year are the Council Policy and Campaigns Sub-Group, the Member Governance Committee and the Joint Pensions Working Group.

The Council Policy & Campaigns Sub-Group, chaired by Anna Walker, has continued to provide challenge and support to the Advocacy teams.

The Member Governance Committee ('MGC') was introduced following the AGM in 2017 and its purpose is to consider governance issues raised by ordinary members. The MGC, chaired by Donald Grant, has four members, three of whom are Council members and the other being independent. As previously reported earlier in the year, in December 2018, the MGC considered suggestions raised by an ordinary member about how the committee operates and was pleased to make recommendations for changes, which Council approved. These included publishing information about proposals on our website, reducing the level of support required by ordinary members to raise proposals, increasing the limit on the number of proposals that can be put forward, and introducing an opportunity for a proposer to respond to committee decisions. Further detail can be found on the website: *https://www.which.co.uk/about-which/company-info/2385/member-governance-committee*

The Joint Pensions Working Group ('JPWG') has continued to meet on matters relating to the Which? Group pension scheme. The JPWG consists of representatives of Council, the Which? Limited Board, the pension Trustees and the Executive. It is chaired by Jenny Oscroft. During the year the JPWG concluded their recommendations on the March 2018 triennial valuation and recovery plan of the hybrid scheme following their extensive work to ensure that the scheme is both sufficiently and responsibly funded to meet its future liabilities.

Application of the Charity Governance Code

As a registered charity, we aim to apply the high standards set out within the Charity Governance Code ('the Code'). This means we adopt an 'apply or explain' approach to the Code. We also have regard to the UK Corporate Governance Code and the National Council for Voluntary Organisations Report of the inquiry into charity senior executive pay and guidance for Trustees on setting remuneration. Last year the organisation carried out an internal evaluation against the principles of the Code and the conclusions of the assessment were taken into account by the Governance Review Committee (see below).

Update on the Governance Review and Council Effectiveness

In accordance with Principle Five of the Charity Governance Code, Council is committed to undertaking regular effectiveness reviews. Given the ongoing Governance Review, Council agreed that there would not be value in undertaking a separate review of effectiveness for the 2018/19 financial year.

During the year feedback was sought after Council meetings, on their effectiveness and, where appropriate, changes to the format of the meetings were made. Council received expert training to build their understanding of the financial information provided to Council and a training session to develop a more in depth understanding of the CA's legal powers.

Council agreed that the Governance Review, led independently by Dame Deirdre Hutton DBE and assisted by Julia Unwin CBE as a second independent member, had identified many opportunities that would improve Council's effectiveness. A fuller explanation of these points are given below.

The Review recommendations draw on the seven key principles of the Charity Governance Code as follows:

Organisational purpose and leadership

The Review identified that the organisation's charitable objects require review and could better reflect what the organisation does now and plans to do in the future. It recommends that once reviewed and re-articulated, the objects and refreshed values be used to guide the cultural development of the organisation.

Openness, and accountability and Diversity

The review recommends improvements to the Trustee recruitment, election and appointment processes to ensure the process is more open and transparent in recruiting the best candidates while maintaining accountability to members. This will ensure that stewardship by the Council of Trustees is built on the provision of expert and effective oversight and is representative of the diversity of all UK consumers. These changes also include the continued development of training and development schemes to support Trustees' personal and professional development.

Decision making, risk and control

The Review examined the group's decision making processes and recommends refining and re-articulating the roles and responsibilities of the Council of Trustees, the subsidiary commercial Board and the Executive. This will help to achieve greater clarity, responsiveness, trust and empowerment so that everyone understands the distinct roles they play in overseeing, delivering and implementing the group strategy.

Board effectiveness

The Review also recognises that as useful as a clear governance framework is, it can only take the organisation so far. To help facilitate dialogue and greater trust, the Review recommends that the Trustees, the subsidiary commercial Board and Executive all invest more time in building an open and flexible culture that welcomes input from the outside. It is also recommended that Trustees undertake annual board and governance effectiveness reviews, with a more wide-ranging externally facilitated review to be undertaken once every three to five years.


Director fees and expenses

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 2018/19, claims were made by 9 out of 16 Trustees (2017/18: 7 out of 16) totalling £12,343 (2017/18: £9,997). Insurance costs for the year to protect Trustees against liabilities arising from their office totalled £7,608 (2017/18: £4,631). Non-executive directors on both the Which? Limited and Which? Financial Services Limited boards are remunerated for their services. The total remuneration in the year for Which? Limited non-executive directors was £92,500 (2017/18: £83,958). In Which? Financial Services, which operates within a regulated environment, the total remuneration was £104,167 (2017/18: £112,084).

Council responsibilities statement

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

- Selected suitable accounting policies and ensured they have been applied consistently;
- Observed the methods and principles in the Statement of Recommended Practice (SORP): Accounting and Reporting by Charities (2015);
- Made judgements and accounting estimates that are reasonable and prudent;
- Stated whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepared the financial statements on the going-concern basis.

Council is responsible for ensuring adequate accounting records are kept that are sufficient to show and explain the organisation's transactions 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.

Going concern

After making enquiries, Council has a reasonable expectation that the group has sufficient resources to continue in operational existence for at least 12 months from the date the financial statements were approved. Given that there are no material uncertainties inherent across the group, Council continues to adopt the going-concern basis in preparing these financial statements. Further information about the adoption of the going-concern basis can be found in the principal accounting policies within the financial statements (page 44).

Financial statements

Our financial statements are made up of:

- A consolidated statement of financial activities (SOFA); designed specifically for charities, showing the income generated across the group and how those monies have been spent (page 39);
- Balance sheet for both CA and the group, showing the total assets and liabilities as well as total reserves (page 40); and
- A consolidated cash flow statement showing how the group cash balance has changed over the year (page 41).

These financial statements, including the Strategic report, comply with the 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 group, and together form the financial statements of the group.

Our people

To deliver the new business strategy as defined in the strategic review, we needed to consider how best to structure our organisation to ensure we have the right people in the right teams to deliver our new mission. This has meant some difficult decisions and a significant number of our people have been affected.

As we aligned the organisation structure and capabilities to set us up for future success it has meant we have seen a number of changes in the Leadership Team, which reduced from 14 at the start of the calendar year to 10. We then aligned teams to remove duplication, concentrate efforts on the strategic areas of focus, and bring together those of similar skillsets while ensuring our business model was sustainable for the future. This unfortunately resulted in redundancies. An example that had a significant impact on our people included moving away from having content experts in separate market areas led by multiple managing directors to bring them all together under one leader. In addition, our new strategic areas of focus led to the closure of Which? Insurance Advisers and Which? Mortgage Advisers. Those employees who have left our business during the year because of organisational changes have been supported through career transition programs and we thank them for their contributions to the business.

Our people have experienced a significant period of change which makes ensuring we build a culture where they feel supported through and connected to the organisation is even more important. During the year we continued to develop our wellbeing programme which included introducing 'feel good champions', employees who are available as confidential support for anyone needing to talk about mental health issues. We have continued to develop our managers through the Pathway to Leadership Excellence programme, which provides opportunities to enhance their leadership skills to develop themselves and their teams.

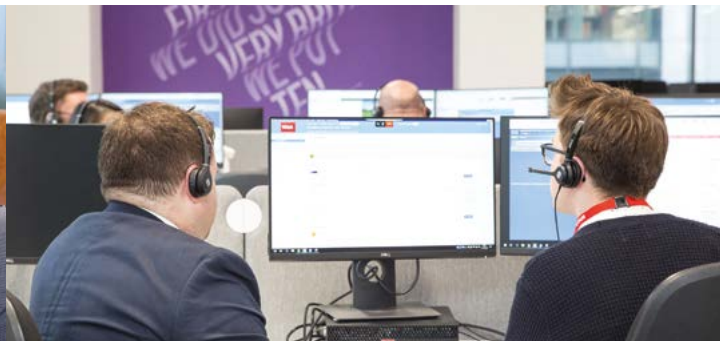
Offices

This year we completed the sale of our office in Hertford to Aldi and relocated our Which? Legal team to Bristol and our Member Service Centre to Cardiff, and many of the support functions across sites. The transition resulted in a number of employees relocating successfully to the new sites.

Gender Pay Gap

Our Gender Pay Gap outlines the difference in pay between men and women at the snapshot date of 5th April 2018. Our mean hourly pay gap for the group, which included Consumers' Association, Which? Limited and Which? Financial Services employees was 8.55%. This means that in April 2018 on average men were paid 8.55% more than women. This was an increase of 1.34% on the pay gap reported gap for April 2017 which was 7.21%. Our bonus gap also increased to 51.55% versus 34.40% in April 2017.

There are a number of reasons for this increase. The snapshot date includes data relating to any payments made in the year preceding April 2018 and therefore included payments relating to the closure of the LTIP. At that time we had a higher number of women who were filling roles traditionally seen as more flexible such as customer service and administration, and conversely had a higher proportion of men in roles with commission schemes in place. This was particularly evident in Which? Financial Services which follows industry trends. We expect our gender pay gap figures to improve next year, partly because of changes that have taken place to our leadership this year.



"I am looking forward to the next 12 months – I will get to see my new team grow and develop, and together we will continue to make a real difference to the consumers we speak to."

Maureen Leonard, Manager, Cardiff

Our values

As part of our strategic review, and recommended by the Governance Review, we decided it was time to review and refresh our organisational values to support our new mission and purpose, and ensure we really are a values-led organisation. By engaging with the whole organisation and listening to our people's experiences and stories, we were able to understand which values resonated and inspired our people the most. We will be embedding our new values with teams during the next financial year to ensure they are the foundation of everything we do.

We care. We care about what matters to people. We take pride in the important work we deliver.

We're rigorous. We're thorough, focused and committed in everything we do.

We're brave. We speak up for what we believe is right. We ask the difficult questions and uncover the answers.

We make it happen. Using our insight, we make things better for people at the right time in the right way.

We're connected. We're a community. We listen to each other and the outside world, and share skills, experience and knowledge to deliver work we are proud of.

Corporate Social Responsibility

We know sustainability and environmental issues are of great importance to our members, and in response these issues have become more prominent in both our advocacy and testing work. We are committed as an organisation to operate as environmentally ethically as possible and have taken a number of steps this year to improve our practices internally. Aside from changing our magazine wrapping to a new compostable packaging, we have taken a number of steps to improve our recycling across all three of our offices, moving to a centralised recycling bin system as opposed to desk bins. We have removed all plastic cutlery and cups, replacing them with metal and glass alternatives and have started using FSC certified sustainably sourced paper for our printers. In our London office we have installed solar panels to generate power and have invested in water and air-con systems to reduce carbon emissions and their environmental impact. Furthermore, we have ensured there has been no reduction in the ecological value of the land, and have utilised green guide responsibly sourced building elements wherever possible.

Diversity and inclusion

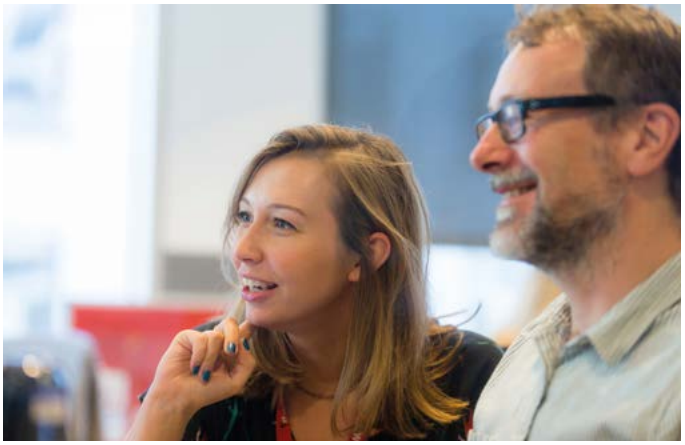
At Which?, we know that a diverse and inclusive employee population is really important to any organisation, but particularly for us as we want to represent all UK consumers. As we embark on delivering our new mission with our new values underpinning everything we do, we have decided to review what diversity and inclusion means to us. With employees from across the business, we are working collaboratively to design a new diversity and inclusion approach to support our mission now and in the future. We plan to share our progress in next year's interim review.

Remuneration

Remuneration principles and approach

Reward at Which? remains important as a means to attract, retain and motivate our people to perform to their best. Our principles are based on a total remuneration approach where all roles are externally benchmarked using a hybrid benchmark approach which reflects our charitable, not-for-profit and commercial nature. We aim to be a market median payer. We benchmark roles annually and review based on the skills, scope and responsibility of the role.

During the year we looked again at benchmarks for our leadership team, reducing total compensation of the Leadership Team as a whole and aligning performance measures to the achievements of the organisation. Executive variable pay plans have been realigned to ensure a fairer and more balanced distribution across the breadth of the organisation. This is part of our total remuneration policy, which removed Long Term Incentive Plans and means all of our executives are incentivised against both charitable and commercial achievements.



Key employees

As noted on page 49, the total cost of key employees across the group fell by 3% year-on-year to £3.6m. We define key employees as members of the Leadership Team.

During the year, there were 15 employees in the Leadership Team (2017/18:13) although this increase was due to there being several changes made to the team during the year. On average across the year, there were 12 employees within the Leadership Team.

The increase in costs associated with compensation for loss of office for key employees reflects a significant number of changes across the Leadership Team in line with the strategic changes. We expect this cost to fall considerably in 2019/20.

Group Chief Executive package

Basic salary	£197,115
Car allowance	£7,500
Bonus	£52,313
Pensions allowance	£13,393
Total remuneration	£270,321

*Remuneration is pro-rata, reflecting the period employed by Which?

Anabel joined as the Group Chief Executive in October 2018, and her total remuneration is lower than our previous Group Chief Executive. The maximum bonus that is achievable for Anabel is 50% as opposed to previous years where it was 100% for the Chief Executive. This approach to her remuneration lays the foundation for the future. For 2019/20 no changes have been made to Anabel's remuneration.

Other information

Banker and professional adviser

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

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

Other information

The following information is contained elsewhere in the financial statements:

- Net movement in funds (page 39);
- Significant relationships, including political and charitable donations (page 52); and
- Council, Board, Committee & Executive members (pages 58–59).

Statement of disclosure of information to auditors

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

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

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

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

The Council of Trustees' report, including the Strategic report was approved by the Council of Trustees and signed on its behalf by:

Tim Gardam
Council Chair
2 Marylebone Road, London, NW1 4DF
7 October 2019

Consumer Champions

Which? is not for profit and all for making consumers as powerful as the organisations they deal with in daily life.

INDEPENDENT AUDITORS' REPORT
to the members of Consumers' Association

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

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

- give a true and fair view of the state of the group's and of the parent charitable Company's affairs as at 30 June 2019 and of the parent charitable Company's incoming resources and application of resources, including its income and expenditure, and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "the Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements 2018/19 (the "Annual report"), which comprise: the group and parent charitable Company's balance sheets as at 30 June 2019; the group and parent charitable Company statements of financial activities, the income statement, the group cash flow statements for the year then ended; and the notes to the financial statements.

BASIS FOR OPINION

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

Independence

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

CONCLUSIONS RELATING TO GOING-CONCERN

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

- the Trustees' use of the going-concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent charitable Company's ability to continue to adopt the going-concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent charitable company's ability to continue as a going-concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual report and financial statements 2018/19 other than the financial statements and our Auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Council of Trustees' report (incorporating Strategic report)

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

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

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the Trustees for the financial statements

As explained more fully in the Council Responsibilities Statement set out on page 31, the Trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: *www.frc.org.uk/auditorsresponsibilities*. This description forms part of our Auditors' report.

Use of this report

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

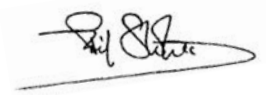
OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Philip Stokes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
7 October 2019

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 30 June 2019
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 2018/19 £'000	Group Total 2017/18 £'000
Income from						
Incoming from other trading activities:						
Other trading activities		–	99,112	(505)	98,607	99,759
Incoming from charitable activities:						
Research income		11,330	–	(11,122)	208	142
Investment income		535	–	–	535	620
Other income:						
Other income		2,608	–	–	2,608	–
Gift aid from subsidiary undertakings		10,000	–	(10,000)	–	–
Total income		24,473	99,112	(21,627)	101,958	100,521
Expenditure on						
Raising funds:						
Fundraising trading	2	(350)	(87,094)	11,627	(75,817)	(76,777)
Interest payable and other similar charges	2, 6	(183)	–	–	(183)	(447)
Charitable activities:						
Consumer research	2	(11,177)	–	–	(11,177)	(11,783)
Promoting consumer interests	2	(12,386)	–	–	(12,386)	(15,150)
Other activities:						
Impairment of subsidiary (Which? Financial Services Limted)	4	–	(25,140)	25,140	–	–
Total expenditure		(24,096)	(112,234)	36,767	(99,563)	(104,157)
Net gains on investments		2,190	–	–	2,190	1,821
Net incoming/(outgoing) resources before other comprehensive income	4	2,567	(13,122)	15,140	4,585	(1,815)
Actuarial (losses)/gains on defined benefit pension schemes	21	(200)	–	–	(200)	7,500
Net movement in funds	5	2,367	(13,122)	15,140	4,385	5,685
Reconciliation of funds						
Total funds brought forward at 1 July					52,021	46,336
Total funds carried forward at 30 June					56,406	52,021

* Transactions between the companies reflect intercompany transactions within the group that eliminate on consolidation of the group financial statements, 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 2019

	Note	Group 2019 £'000	Group 2018 £'000	Consumers' Association 2019 £'000	Consumers' Association 2018 £'000
Fixed assets					
Intangible assets	9	1,111	258	147	102
Tangible assets	10	31,032	32,858	29,520	32,283
Investments	11	31,382	31,499	31,382	31,499
Investments in subsidiary and associated undertakings	12	52	52	20,052	20,052
Other assets	19	8	59	8	59
		63,585	64,726	81,109	83,995
Current assets					
Debtors	14	7,438	8,207	7,534	13,042
Short term deposits		–	2,500	–	–
Cash at bank and in hand		12,728	10,233	5,136	982
		20,166	20,940	12,670	14,024
Creditors: Amounts falling due within one year	15	(20,667)	(24,234)	(8,069)	(11,444)
Net current (liabilities)/assets		(501)	(3,294)	4,601	2,580
Total assets less current liabilities		63,084	61,432	85,710	86,575
Creditors: Amounts falling due after more than one year	16	(6,082)	(7,511)	(6,082)	(7,416)
Provisions	17	(596)	–	–	–
Net assets before defined benefit pension scheme liability		56,406	53,921	79,628	79,159
Defined benefit pension scheme liability	21	–	(1,900)	–	(1,900)
Net assets		56,406	52,021	79,628	77,259
Accumulated surplus	20	60,934	57,973	84,156	83,211
Revaluation reserve	20	6,472	4,848	6,472	4,848
Pension reserve	20	(11,000)	(10,800)	(11,000)	(10,800)
Total unrestricted funds	20	56,406	52,021	79,628	77,259

The financial statements on pages 39 to 57 of Consumers' Association (registered number 00580128, charity number 296072) were approved by the Council of Trustees and authorised for issue on 7 October 2019. They were signed on its behalf by:

Tim Gardam
Council Chair

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 June 2019

	2018/19		2017/18	
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
Net cash used in operating activities (see below)		(2,982)		2,758
Cash flows from investing activities				
Income from investments	422		563	
Interest paid	(183)		(447)	
Sale of tangible fixed asset	4,676		–	
Purchase of intangible fixed assets	(978)		(236)	
Purchase of tangible fixed assets*	(1,984)		(5,991)	
Tangible fixed assets written off to expenditure	–		116	
Purchase of investments	(822)		(313)	
Sale of investments	2,640		–	
Net realised gain on sale of investments	566		–	
(Increase)/decrease in deposits awaiting investment	(77)		2,472	
Net cash provided by/(used in) investing activities		4,260		(3,836)
Cash flows from financing activities				
Repayments of borrowing	(1,334)		(1,000)	
Cash inflows from new borrowings	–		1,000	
Cash flows from swap contract	51		(57)	
Net cash used in financing activities		(1,283)		(57)
Change in cash and cash equivalents in the reporting year		(5)		(1,135)
Cash and cash equivalents at the beginning of the reporting year		12,733		13,868
Cash and cash equivalents at the end of the reporting year		12,728		12,733
Reconciliation of net movements in funds to net cash flow from operating activities				
Net incoming/(outgoing) resources before other comprehensive income (as per the statement of financial activities)		4,585		(1,815)
Adjustments for:				
Amortisation charged		73		29
Depreciation charged		1,714		1,059
Impairment charged on tangible assets		–		17
Loss on disposal of intangible assets		52		–
Profit on disposal of tangible assets		(2,580)		–
Decrease in debtors		769		102
(Decrease)/increase in creditors falling due within one year		(3,567)		6,190
Decrease in other creditors falling due after more than one year		(95)		(387)
Increase in provisions		596		–
Adjustment for pension funding		(2,100)		(500)
Interest paid		183		447
Income from investments		(422)		(563)
Realised gain on sales of investments		(566)		–
Unrealised gain on investments		(1,624)		(1,821)
Net cash (used in)/provided by operating activities		(2,982)		2,758

* Included within Purchase of tangible fixed assets from investing activities are non-cash items of £584k (2017/18: £3,515k).

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES AND OTHER INFORMATION

GENERAL INFORMATION AND STATEMENTS OF COMPLIANCE

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

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

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

BASIS OF ACCOUNTING

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

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

CA has taken advantage of the following exemptions:

- From preparing a statement of cashflows, on the basis that it is a qualifying entity. The consolidated statement of cashflows, within the financial statements, includes CA's cash flows; and
- 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 2019 with the statement of financial activities (SOFA) and balance sheet being consolidated on a line-by-line basis. Transactions between group companies are eliminated on consolidation in the SOFA.

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

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

INCOME

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

Subscription revenue on magazines is recognised when the related product is dispatched to the customer. Subscription revenue on services is recognised in relation to the time period 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 are recognised when the particular mortgage is completed or when the work associated with the fee has been completed.

EXPENDITURE

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

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

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

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

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

INTANGIBLE ASSETS

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

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

- Software: 1–5 years

These useful lives are reviewed on an annual basis.

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

1 PRINCIPAL ACCOUNTING POLICIES AND OTHER INFORMATION continued

TANGIBLE ASSETS

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

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

Asset lives are estimated as follows:

- Long-term leasehold premises (2 Marylebone Road): remainder of lease (94 years)
- Fixtures, fittings and equipment: 1–10 years

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

INVESTMENTS

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

INVESTMENTS IN SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

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

PROVISIONS

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

BORROWING COSTS

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

FINANCIAL INSTRUMENTS

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

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

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

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

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of the derivatives are recognised in the SOFA within investment income.

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

DEBTORS

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

CASH AND CASH EQUIVALENTS

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

RELATED PARTY TRANSACTIONS

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

1 PRINCIPAL ACCOUNTING POLICIES AND OTHER INFORMATION continued

EMPLOYEE BENEFITS

Short-term benefits, including holiday pay and other non-monetary benefits, are recognised as expendible 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 and to future accrual on 31 March 2019.

For the hybrid 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'.

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

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

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

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

- Useful life of assets: notes 9 and 10.
- Pension costs: note 21.

OPERATING LEASES

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

FOREIGN EXCHANGE

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

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

IRRECOVERABLE VAT

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

TAXATION

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

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

GOING-CONCERN

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

	Direct costs £'000	Support costs £'000	Total 2018/19 £'000	Total 2017/18 £'000
Raising funds				
Cost of sales	(25,030)	–	(25,030)	(27,405)
Distribution costs	(6,665)	–	(6,665)	(7,272)
Other trading expenditure	(31,911)	(12,211)	(44,122)	(42,100)
Total fundraising trading	(63,606)	(12,211)	(75,817)	(76,777)
Interest payable and other similar charges	–	(183)	(183)	(447)
Charitable activities				
Consumer research	(8,459)	(2,718)	(11,177)	(11,783)
Promoting consumer interests	(9,601)	(2,785)	(12,386)	(15,150)
Total expenditure	(81,666)	(17,897)	(99,563)	(104,157)

3 SUPPORT COSTS

	Management £'000	Finance & Legal £'000	Information Technology £'000	Human Resources £'000	Direct Support costs £'000	Total 2018/19 £'000	Total 2017/18 £'000
Raising funds							
Other trading expenditure	(995)	(2,412)	(2,342)	(4,232)	(2,230)	(12,211)	(13,653)
Interest payable and other similar charges	–	–	–	–	(183)	(183)	(447)
Charitable activities							
Consumer research	(330)	(547)	(514)	(664)	(663)	(2,718)	(2,857)
Promoting consumer interests	(335)	(555)	(521)	(673)	(701)	(2,785)	(3,021)
Total expenditure	(1,660)	(3,514)	(3,377)	(5,569)	(3,777)	(17,897)	(19,978)

Included in the support costs above are governance costs of of £768k (2017/18: £760k restated from £596k). This restatement reflects the inclusion of additional company secretarial costs.

4 RESULTS FROM TRADING ACTIVITIES OF SUBSIDIARIES

	Which? Limited 2018/19 £'000	Which? Financial Services Limited 2018/19 £'000	Total 2018/19 £'000
Profit & Loss Account			
Turnover	92,173	6,939	99,112
Other net expenditure	(76,869)	(10,225)	(87,094)
Underlying trading profit/(loss)	15,304	(3,286)	12,018
Non-cash impairment of subsidiary (Which? Financial Services Limited)	(25,140)	–	(25,140)
Accumulated losses	(9,836)	(3,286)	(13,122)
Balance sheet			
Total assets	12,275	4,800	
Total liabilities	(16,386)	(3,910)	
Total funds	(4,111)	890	

Which? Limited provided education, information and advice to the benefit of consumers through the subscription to Which? products and services, and also operated the Which? Trusted Trader and Which? Legal services. It also received income from businesses that were licensed to use the Which? endorsement with relevant 'Best Buy' products and services.

Which? Financial Services Limited primarily provided a mortgage and insurance advice service. Following a consultation exercise, it was decided to close these operations. As a result of this decision, Which? Limited impaired in full its remaining investment in Which? Financial Services Limited (£25,140k).

5 NET MOVEMENT IN FUNDS

	2018/19 £'000	2017/18 £'000
Net movement of funds is stated after charging		
Net movement in funds is stated after charging:		
Amortisation on intangible assets	(73)	(29)
Depreciation of tangible assets	(1,714)	(1,059)
Impairment of tangible assets	–	(17)
Loss on disposal of intangible assets	(52)	–
Profit on disposal of tangible assets	2,580	–
Loss on foreign exchange	–	(3)
Expenses of the Council of Trustees (detailed in the Council of Trustees' report)*	(12)	(10)
Cost of liability insurance for Council of Trustees	(8)	(5)
Payment under operating leases charged to the SOFA:	(560)	(563)
The analysis of auditors' remuneration for the audit of the Company's annual financial statements		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements		
The audit of CA	(27)	(26)
Fees payable to the Company's auditor and their associates for other services to the group		
The audit of the Company's subsidiaries pursuant to legislation	(57)	(44)
Total audit fees	(84)	(70)
Tax services	(10)	(13)
Other services	(25)	(15)
Total non-audit fees	(35)	(28)

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

6 INTEREST PAYABLE AND OTHER SIMILAR CHARGES

	2018/19 £'000	2017/18 £'000
Interest on mortgage	170	142
Interest on pension scheme liabilities	–	300
Investment management charges	13	5
Total interest payable and other similar charges	183	447

7 EMPLOYEES

	Total 2018/19 £'000	Total 2017/18 £'000
Employee costs during the year amounted to:		
Salaries and wages	37,257	35,234
Social security	4,310	4,103
Pension costs - Hybrid scheme	211	325
Pension costs – Defined contribution	2,909	2,608
Compensation for closure of LTIP	43	134
Compensation for loss of office	2,292	1,962
Benefits in kind	1,103	1,102
Total	48,125	45,468

The in-year cost relating to compensation for loss of office reflects the closure of the mortgage and insurance advisers services with Which? Financial Services Limited and structural changes across the group following the recent strategic review.

	Total 2018/19 number of employees	Total 2017/18 number of employees
The average monthly number of employees of the Group during the year was:		
Consumer research	94	90
Promoting consumer interests	91	94
Support activities	97	97
Trading activities	513	511
Total	795	792

7 EMPLOYEES continued

The numbers of employees of the group who were paid or accrued employee benefits represents all remuneration costs (including compensation for loss of office) in excess of £60,000 in the year were:

	Total number of employees 2018/19	Total number of employees 2017/18
£60,001-£70,000	63	37
£70,001-£80,000	33	25
£80,001-£90,000	22	26
£90,001-£100,000	14	17
£100,001-£110,000	9	6
£110,001-£120,000	6	7
£120,001-£130,000	6	3
£130,001-£140,000	6	4
£140,001-£150,000	3	1
£150,001-£160,000	2	-
£160,001-£170,000	1	3
£170,001-£180,000	3	1
£180,001-£190,000	1	1
£190,001-£200,000	1	3
£210,001-£220,000	1	1
£220,001-£230,000	-	1
£230,001-£240,000	-	1
£240,001-£250,000	-	2
£250,001-£260,000	3	1
£260,001-£270,000	1	-
£290,001-£300,000	2	-
£300,001-£310,000	1	-
£310,001-£320,000	2	-
£320,001-£330,000	1	1
£330,001-£340,000	1	-
£350,001-£360,000	-	1
£490,001-£500,000	-	1
£820,001-£830,000	-	1

7 EMPLOYEES continued

Key employees	Total 2018/19 £'000	Total 2017/18 £'000
Employee costs during the year amounted to:		
Salaries and wages	2,824	2,935
Pension costs – Hybrid scheme	28	37
Pension costs – Defined contribution	184	140
Compensation for closure of LTIP	43	85
Compensation for loss of office	485	416
Benefits in kind	20	72
Total	3,584	3,685

Key employee costs in 2018/19 relate primarily to 15 (2017/18: 13 employees) in the Leadership Team. On average there were 12 employees in the Leadership Team across the year.

8 TAXATION

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

9 INTANGIBLE ASSETS

	Group Software £'000
Cost or valuation	
At 1 July 2018	5,482
Additions	978
Disposals	(285)
At 30 June 2019	6,175
Accumulated amortisation	
At 1 July 2018	5,224
Amortisation charged	73
Disposals	(233)
At 30 June 2019	5,064
Net book value	
At 30 June 2018	258
At 30 June 2019	1,111

	Consumers' Association Software £'000
Cost or valuation	
At 1 July 2018	677
Additions	48
Disposals	(190)
At 30 June 2019	535
Accumulated amortisation	
At 1 July 2018	575
Amortisation charged	3
Disposals	(190)
At 30 June 2019	388
Net book value	
At 30 June 2018	102
At 30 June 2019	147

10 TANGIBLE ASSETS

	Freehold land & buildings £'000	Long-term leasehold premises £'000	Fixtures fittings & equipment £'000	Total £'000
Group				
Cost or valuation				
At 1 July 2018	2,912	32,096	5,993	41,001
Additions	–	604	1,380	1,984
Disposals	(2,912)	–	(1,009)	(3,921)
At 30 June 2019	–	32,700	6,364	39,064
Accumulated depreciation				
At 1 July 2018	780	5,369	1,994	8,143
Depreciation charged	36	535	1,143	1,714
Disposals	(816)	–	(1,009)	(1,825)
At 30 June 2019	–	5,904	2,128	8,032
Net book value				
At 30 June 2018	2,132	26,727	3,999	32,858
At 30 June 2019	–	26,796	4,236	31,032

	Freehold land & buildings £'000	Long-term leasehold premises £'000	Fixtures fittings & equipment £'000	Total £'000
Consumers' Association				
Cost or valuation				
At 1 July 2018	2,912	32,096	4,972	39,980
Additions	–	604	318	922
Disposals	(2,912)	–	(637)	(3,549)
Transfers	–	–	(85)	(85)
At 30 June 2019	–	32,700	4,568	37,268
Accumulated depreciation				
At 1 July 2018	780	5,369	1,548	7,697
Depreciation charged	36	535	933	1,504
Disposals	(816)	–	(637)	(1,453)
At 30 June 2019	–	5,904	1,844	7,748
Net book value				
At 30 June 2018	2,132	26,727	3,424	32,283
At 30 June 2019	–	26,796	2,724	29,520

'Freehold land and buildings' represents Consumers' Association's property at Gascoyne Way, Hertford. The sale of this property was completed in June 2019.

'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 were used both by staff employed by the charity and by its trading subsidiaries. An appropriate proportion of the operating cost is shared by each company, but it is not considered practicable to divide the value of the assets between those used by the charity for its own purposes and those used for trading.

11 INVESTMENTS

	Deposits awaiting investment £'000	Market value of investments £'000	Total £'000
Balance at 1 July 2018	29	31,470	31,499
Income from investments	422	–	422
Purchases during the year	(822)	822	–
Sales during the year	3,206	(3,206)	–
Cash withdrawal	(2,716)	–	(2,716)
Realised gain on sale of investments	–	566	566
Unrealised gain on investments	–	1,624	1,624
Charges	(13)	–	(13)
Balance at 30 June 2019	106	31,276	31,382
Historical cost			
At 30 June 2018		26,798	
At 30 June 2019		24,980	

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

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

Ishares Core MSCI World UCITS ETF	59.0%
Charities Property Fund	16.6%
Ishares 1-5YR UCITS GB shares	10.0%
Ishares Core EM IMI Blackrock	5.6%

12 INVESTMENTS IN SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

Subsidiary undertakings	Holding	Proportion owned	Principal activity
Direct holdings of CA			
Which? Limited	Ordinary shares	100%	Publishing
Indirect holdings of CA			
Which? Financial Services Limited	Ordinary shares	100%	Mortgage broking
Which? Legal Limited	Ordinary shares	100%	Dormant
Other investments			
Direct holdings of CA			
International Consumer Research and Testing Limited	'A' Ordinary shares	17%	Consumer research on international basis

The registered office for all subsidiary undertakings is 2 Marylebone Road, London, NW1 4DF.

Shares in subsidiary and associated companies	Group £'000	Consumers' Association £'000
Cost and net book value		
At 1 July 2018	52	20,052
At 30 June 2019	52	20,052

13 RELATIONSHIPS

POLITICAL AND CHARITABLE CONTRIBUTIONS AND RELATED PARTY TRANSACTIONS

No political donations were made during the year (2017/18: £nil). Total charitable donations were £75k (2017/18: £75k).

RESEARCH INSTITUTE FOR CONSUMER AFFAIRS (RICA)

Consumers' Association made a donation of £75k during the year to the registered charity, Research Institute for Consumer Affairs (2017/18: £75k) which trades as Research Institute for Disabled Consumers (RIDC), representing a general grant to cover operating expenses. Both a Council Trustee and an employee of Consumers' Association are Trustees of RICA. The donation received from Consumers' Association represented a material proportion of RICA's own income.

INTERNATIONAL CONSUMER RESEARCH AND TESTING LIMITED (ICRT)

During the year, Consumers' Association paid £120k (2017/18: £118k) in membership fees to ICRT. In addition, a further £673k (2017/18: £965k) was paid in respect of commission for work secured through the offices of ICRT. ICRT has one board member in common with Which? Limited. The amount payable to ICRT at 30 June 2019 was £62k (30 June 2018: £174k).

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 £331k (2017/18: £383k) in membership fees.

BUREAU EUROPÉEN DES UNIONS DE CONSOMMATEURS (BEUC)

Throughout the year, Consumers' Association was a member of BEUC, the pan-European federation of consumer organisations. Consumers' Association contributes a significant proportion of BEUC's non-grant income. During the year, Consumers' Association paid £449k (2017/18: £253k) in membership fees.

COUNCIL TRUSTEES

There were no material transactions with Council Trustees, their close families or parties with whom Council Trustees are related, other than those disclosed above as per the definition of the related party accounting standard. Council Trustees do not receive any payment for their services (2017/18: £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 Trustees (see note 5).

14 DEBTORS

	Group		Consumers' Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade debtors	1,028	1,441	41	549
Amounts due from group undertakings	–	–	6,107	11,036
Other debtors	551	953	439	646
Prepayments and accrued income	4,355	2,622	947	811
Accrued subscriptions	1,504	3,191	–	–
Total debtors	7,438	8,207	7,534	13,042

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

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Consumers' Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade creditors	6,240	6,388	2,705	2,844
Taxation and social security	950	1,030	391	427
Other creditors	62	94	4	5
Accruals and deferred income	9,035	12,167	3,636	6,835
Subscriptions received in advance	3,047	3,222	–	–
Mortgage: 2 Marylebone Road (see note 16)	1,333	1,333	1,333	1,333
Total creditors (due within one year)	20,667	24,234	8,069	11,444

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Consumers' Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Mortgage: 2 Marylebone Road	6,082	7,416	6,082	7,416
Other creditors	–	95	–	–
Total creditors (due after more than one year)	6,082	7,511	6,082	7,416

The mortgage loan reflects the borrowing to part-fund 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 afterwards. This loan matures in April 2021.

17 PROVISIONS

	Group		Consumers' Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Onerous lease	596	–	–	–
Total provision	596	–	–	–

The onerous lease provision reflects the office lease held by Which? Financial Services Limited, following the closure of the Mortgage and Insurance advice businesses. £540k is due to be utilised within one year.

18 FINANCIAL COMMITMENTS

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

	Operating leases (Combined)			
	Group		Consumers' Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Not later than one year	788	480	280	182
Later than one year and not later than five years	4,402	3,081	1,120	700
Later than five years	25,845	17,788	24,920	15,750
Total financial commitments	31,035	21,349	26,320	16,632

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

19 FINANCIAL INSTRUMENTS

The group has the following financial instruments:

	Group	
	2019	**2018**
	£'000	**£'000**
Investments	31,276	31,470
Other assets (derivative financial instrument)	8	59
Trade debtors	1,028	1,441
Other debtors	551	953
Accrued subscriptions	1,504	3,191
Financial assets	34,367	37,114

The above represent financial assets that are debt instruments measured at amortised cost, except investments and other assets (derivative financial instrument), which were measured at fair value through the consolidated statement of financial activities.

Derivative financial instrument – Interest rate swap

The instrument is used to hedge the company and group's exposure to interest rate movements on the Barclays mortgage facility. The hedging rate arrangement fixes the total interest payable at 0.722%. The fair value, determined by the current market price, of the interest rate swap at 30 June 2019 was £8k (30 June 2018: £59k). Interest on the mortgage is disclosed in note 6 and cashflows on the swap are paid quarterly until 2021. During 2018/19 a hedging loss of £51k (2017/18: £57k gain) was recognised in the consolidated statement of financial activities for changes in the fair value of the interest rate swap.

	Group	
	2019	**2018**
	£'000	**£'000**
Trade creditors	6,240	6,388
Other creditors	62	94
Accruals and deferred income	9,035	12,167
Mortgage: 2 Marylebone Road: (due within one year)	1,333	1,333
(due after more than one year)	6,082	7,416
Financial liabilities	22,752	27,398

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

20 STATEMENT OF MOVEMENT OF FUNDS DURING THE YEAR

	Accumulated surplus* 2018/19 £'000	Revaluation reserve 2018/19 £'000	Pension reserve 2018/19 £'000	Group funds 2018/19 £'000	Group funds 2017/18 £'000
Balance at 1 July	57,973	4,848	(10,800)	52,021	46,336
Net incoming resources	2,395	–	–	2,395	(3,636)
Revaluation of investment assets (note 11)	–	1,624	–	1,624	1,821
Realised gains on investments	566	–	–	566	–
Actuarial (losses)/gains on defined benefit pension schemes	–	–	(200)	(200)	7,500
Balance at 30 June	60,934	6,472	(11,000)	56,406	52,021

*Accumulated surplus comprises the below:

	Unrestricted charity funds 2018/19 £'000	Accumulated deficit of trading subsidiaries 2018/19 £'000	Consolidation adjustments 2018/19 £'000	Total 2018/19 £'000
Balance at 1 July	83,209	(9,036)	(16,200)	57,973
Net incoming/(outgoing) resources	381	(13,122)	15,136	2,395
Realised gain on investments	566	–	–	566
Gift aid distributions paid from subsidiaries to charity	–	(10,000)	10,000	–
Balance at 30 June	84,156	(32,158)	8,936	60,934

21 STAFF PENSIONS

The hybrid section of the scheme provides a pension which is the higher of a defined benefit based on a member's pensionable service and salary and the pension that can be provided by a money purchase account which builds up from part of the employer and employee contributions. The hybrid section was closed to new entrants from 1 April 2004 and to future accrual on 31 March 2019. Under the current Schedule of Contributions dated 27 June 2019, contributions to the hybrid section for the year beginning 1 July 2019 are expected to be £1.45m, all of which relate to deficit reduction contributions.

The value of the liabilities at 30 June 2019 have been estimated by a qualified independent actuary. The calculations have been based on membership data as at 31 March 2019. This allows for the passage of time, benefits paid out of the hybrid section of the scheme and changes in actuarial assumptions over the period from 31 March 2019 to 30 June 2019. It is not expected that these projections will be materially different from a summation of individual calculations at the accounting date.

		2019	2018
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		n/a	3.1%
Rate of increase in pensions in payment – RPI linked		3.1%	3.1%
Discount rate		2.2%	2.6%
Inflation assumption (RPI)		3.1%	3.1%
Inflation assumption (CPI)		2.1%	2.1%
Rate of revaluation of pensions in deferment		2.1%	2.1%
Return on money purchase underpin fund		6.0%	7.0%
Assumed life expectancies on retirement at age 65 are:			
Retiring today	Males	21.9	23.1
	Females	23.9	24.1
Retiring in 20 years time	Males	23.3	24.4
	Females	25.4	25.6
The assets in the scheme were:		**2019** £m	**2018** £m
Equities and property		19.1	19.6
Bonds and cash		57.9	54.2
With-profits fund		46.4	46.4
Multi-asset fund		16.6	16.9
Fair value of scheme assets at 30 June		140.0	137.1
The scheme does not hold any ordinary shares issued or property occupied by Consumers' Association			
The actual return on assets over the year was		4.5	10.1
Net pension liability **The amounts recognised in the balance sheet are as follows:**		**2019** £m	**2018** £m
Present value of funded obligations		(139.4)	(139.0)
Fair value of scheme assets		140.0	137.1
Surplus/(Deficit)		0.6	(1.9)
Unrecognised surplus		(0.6)	–
Surplus/(Deficit) at 30 June		–	(1.9)

21 STAFF PENSIONS continued

Reconciliation of opening and closing balances of the present value of the hybrid scheme obligation:	2019 £m	2018 £m
Benefit obligation at beginning of year	139.0	138.7
Current service cost	0.3	0.5
Interest cost	3.5	3.6
Contributions by scheme participants	–	0.1
Actuarial loss	0.5	(0.7)
Benefits paid	(2.8)	(3.2)
Curtailments	(1.1)	–
Benefit obligation at 30 June	139.4	139.0

Reconciliation of opening and closing balances of the fair value of the scheme assets:	2019 £m	2018 £m
Fair value of scheme assets at beginning of year	137.1	128.8
Interest income on scheme assets	3.6	3.3
Return on assets, excluding interest income	0.9	6.8
Contributions by employers	1.3	1.4
Contributions by scheme participants	–	0.1
Benefits paid	(2.8)	(3.2)
Scheme administrative costs	(0.1)	(0.1)
Fair value of scheme assets at 30 June	140.0	137.1

Amount recognised in profit or loss:	2018/19 £m	2017/18 £m
Service cost – including current service costs, past service costs and settlements	0.3	0.5
Service cost – curtailments	(1.1)	–
Service cost – administrative cost	0.1	0.1
Net interest on the hybrid scheme liability	(0.1)	0.3
Total expense	(0.8)	0.9

Remeasurement of the hybrid scheme liability to be shown in other comprehensive income (OCI):	2018/19 £m	2017/18 £m
Actuarial (losses)/gains on the liabilities	(0.5)	0.7
Return on assets, excluding interest income	0.9	6.8
Unrecognised surplus	(0.6)	–
Total remeasurement of the net hybrid scheme liability to be shown in OCI	(0.2)	7.5

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.

2018/19 COUNCIL, BOARDS, COMMITTEES AND EXECUTIVE MEMBERSHIP

Council (Consumers' Association)

Attendance/number of meetings in the year	9
Shirley Bailey-Wood MBE	8 / 9
Caroline Baker	6 / 9
Sharon Darcy (until 25.04.19)	6 / 6
Christine Forde (from 28.11.18)	7 / 7
Melanie Fuller (Dr) (until 28.11.18) (from 05.02.19)	7 / 8
Tim Gardam (Chair)	9 / 9
Donald Grant	9 / 9
Sharon Grant OBE	9 / 9
Jennifer Oscroft (Deputy Chair)	7 / 9
Roger Pittock	9 / 9
Peter Shears	6 / 9
Jonathan Thompson	5 / 9
Anna Walker CB (Deputy Chair)	8 / 9
Charles Wander (from 25.04.19)	3 / 3
David Woodward (from 11.12.18)	7 / 7
Brian Yates	9 / 9

Which? Limited Board

Attendance/number of meetings in the year	9
Jacques Cadranel (Group Finance Director) (until 31.12.18)	1 / 3
Deborah Davis	9 / 9
Judy Gibbons (Chair)	9 / 9
Julie Harris	8 / 9
Anabel Hoult (Group Chief Executive) (from 01.10.18)	8 / 8
Ian Hudson	6 / 9
Jonathan Thompson	5 / 9
Peter Vicary-Smith (Group Chief Executive) (until 30.09.18)	1 / 1
Tony Ward OBE	8 / 9

Which? Financial Services Limited Board

Attendance/number of meetings in the year	11
Michael Barley (Chair)	11 / 11
Steve Britain (from 12.09.18)	10 / 10
Jacques Cadranel (Group Finance Director) (until 31.12.18)	2 / 4
Martin Potkins	10 / 11
Jan Smith	11 / 11
Paul Smith (Managing Director)	11 / 11

Group Audit & Risk Committee

Attendance/number of meetings in the year	4
Shirley Bailey-Wood MBE	4 / 4
Sharon Darcy (until 30.09.18)	0 / 1
Deborah Davis	4 / 4
Ian Hudson (Chair) (from 14.02.19)	2 / 2
Jan Smith	4 / 4
Tony Ward OBE (Chair) (until 14.02.19)	3 / 3
David Woodward (from 14.02.19)	2 / 2

Risk, Audit and Conduct Committee

(A committee of Which? Financial Services Limited)

Attendance/number of meetings in the year	4
Michael Barley	4 / 4
Steve Britain (from 12.09.18)	3 / 3
Martin Potkins	4 / 4
Jan Smith (Chair)	4 / 4

Investment Committee

Attendance/number of meetings in the year	2
Caroline Baker	2 / 2
David Stewart (from 26.09.18)	2 / 2
Mark Tapley (until 09.11.18)	1 / 1
Brian Yates (Chair)	2 / 2

Nominations Committee

Attendance/number of meetings in the year	5
Shirley Bailey-Wood MBE (until 11.12.18)	3 / 3
Christine Forde (from 05.02.19)	1 / 1
Tim Gardam (Chair)	5 / 5
Judy Gibbons	4 / 5
Donald Grant	5 / 5
Julie Harris	3 / 5
Jennifer Oscroft	4 / 5
Peter Shears	3 / 5

Remuneration Committee

Attendance/number of meetings in the year	2
Shirley Bailey-Wood MBE (from 11.12.18)	1 / 1
Caroline Baker (Chair)	2 / 2
Melanie Fuller (Dr) (until 28.11.18)	1 / 1
Tim Gardam	2 / 2
Judy Gibbons	1 / 2

Council Policy & Campaigns Sub-Group

Attendance/number of meetings in the year	3
Sharon Darcy (until 30.09.18)	0 / 1
Melanie Fuller (Dr) (until 28.11.18)	2 / 2
Sharon Grant OBE	3 / 3
Julie Harris	1 / 3
Peter Shears	2 / 3
Anna Walker CB (Chair)	3 / 3

Joint Pensions Working Group

Attendance/number of meetings in the year	2
Jennifer Oscroft (Chair)	2 / 2
Tony Ward OBE	2 / 2
Roger Pittock	2 / 2
Shirley Bailey-Wood MBE (until 11.12.18)	0 / 0
David Woodward (from 11.12.18)	2 / 2
Julian Edwards (Pension Trustee Chair)	2 / 2
Alison Bostock (Independent Pension Trustee)	2 / 2

Governance Review Committee

Attendance/number of meetings in the year	7
Tim Gardam	7 / 7
Donald Grant	4 / 7
Dame Deirdre Hutton DBE (Chair)	6 / 7
Jennifer Oscroft	5 / 7
Julia Unwin CBE (Independent Member)	6 / 7
Anna Walker CB	6 / 7

Member Governance Committee

Attendance/number of meetings in the year	1
Rosie Chapman (Independent Member)	1 / 1
Donald Grant (Chair)	1 / 1
Roger Pittock	1 / 1
Peter Shears	1 / 1

Leadership Team (at 30 June 2019)

Jenni Allen (Content Director)
Charmian Averty (General Counsel & Company Secretary)
Stephen Gerrard (Chief Financial Officer – Interim)
Denis Haman (Chief Technology Officer)
Anabel Hoult (Group Chief Executive)
Craig Llewelyn-Williams (Product Director - Interim)*
Matthias Mahr (Commercial Director – Interim)*
Helen Moore (People Director)
Caroline Normand (Advocacy Director)
Paul Smith (Managing Director Which? Financial Services Limited)
Sarah Threadgould (Chief Customer Officer)

* Non-employee

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

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Customer Services

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Saturday 09.00–13.00

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