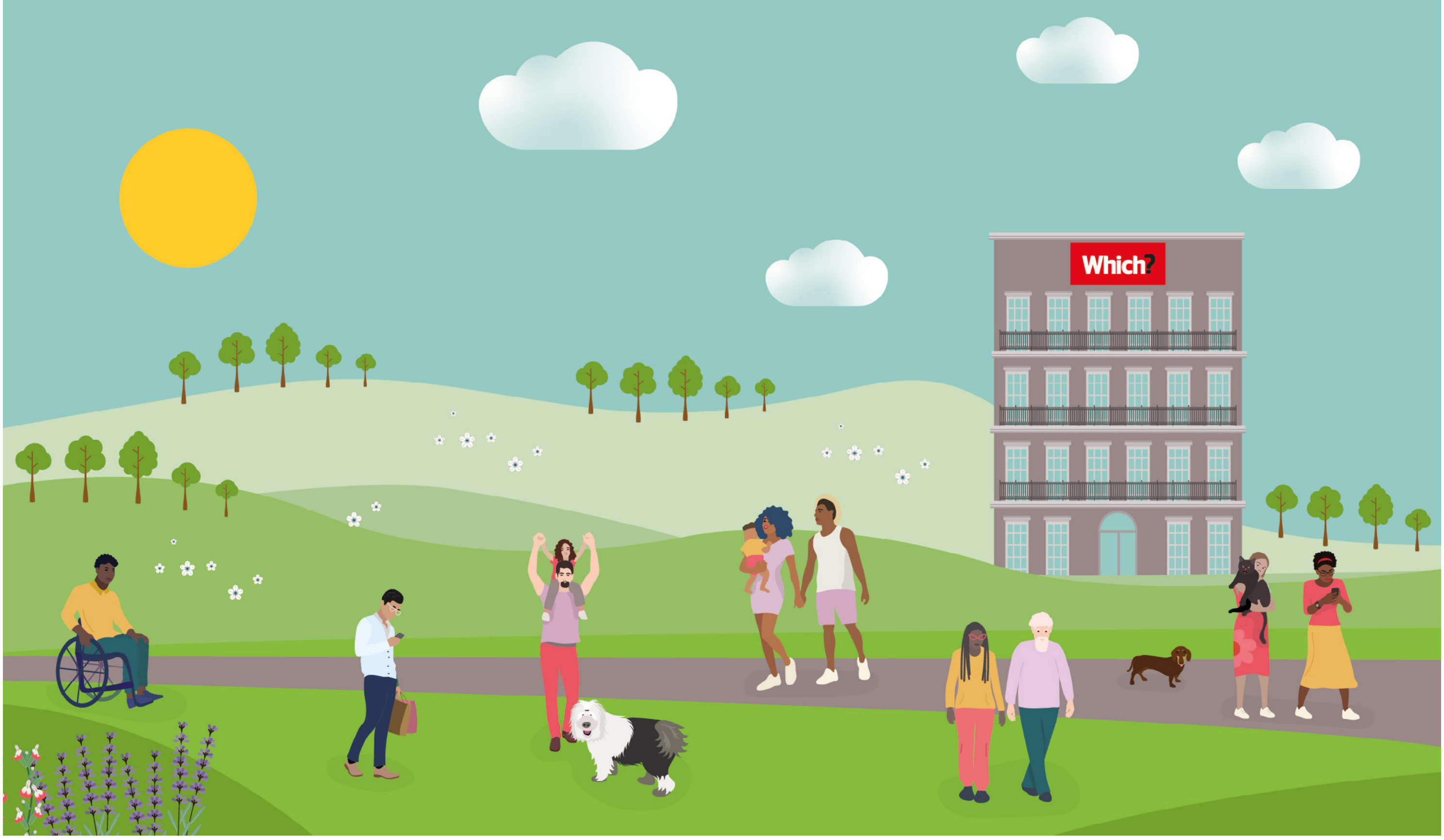
Which?

# 2020-2021

## Annual report and financial statements of the Consumers’ Association



# AMENDED

Consumers' Association

(Company limited by guarantee, no. 00580128, And a registered charity, no. 296072)

# ANNUAL REPORT AND FINANCIAL STATEMENTS REVISION BY SUPPLEMENTARY NOTE

For the Year Ended 30 June 2021

**CONSUMERS' ASSOCIATION**

Notes to the Financial Statements for the Year Ended 30 June 2021

## REVISION BY SUPPLEMENTARY NOTE OF NOTE 1 – PRINCIPAL ACCOUNTING POLICIES AND OTHER INFORMATION: BASIS OF ACCOUNTING

The Company has revised the 30 June 2021 Annual Report and Financial Statements by supplementary note.

Note 1, Basis of Accounting, has been amended to include notice that the Company has taken advantage of the exemption from presenting a parent company Statement of Financial Activities by inclusion of the statement:

> No separate Statement of Financial Activities (SoFA) has been prepared for CA, the parent company charity, as permitted by Section 408 of the Companies Act 2006.

This supplementary note is added to the disclosures in Note 1, Basis of Accounting. There are no other revisions to the note.

In accordance with The Companies (Revision of Defective Accounts and Reports) Regulations 2008 4(2)(b):

a. This note revises in certain respects the original annual accounts of the Company and is to be treated as forming part of those accounts; and

b. The annual accounts have been revised as at the date of the original annual accounts (8 October 2021) and not as at the date of revision (7 March 2022) and accordingly do not deal with events between those dates.

This supplementary note has been approved by the Council of Trustees on 23 February 2022 and signed on its behalf by:

**Sam Younger**
Council Chair
7 March 2022

# INDEPENDENT AUDITORS' REPORT
to the members of Consumers' Association

## REPORT ON THE AUDIT OF THE REVISED FINANCIAL STATEMENTS

### OPINION

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

- give a true and fair view, seen as at the date the original financial statements were approved, of the state of the group's and of the parent charitable company's affairs as at 30 June 2021 and of the group's and parent charitable company's incoming resources and application of resources, including its income and expenditure, and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law) seen as at the date the original financial statements were approved; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008.

We have audited the revised financial statements, included within the Revised Annual Report and Financial Statements 2020/21 (the "Annual Report"), which comprise: the group and parent charitable company's balance sheets as at 30 June 2021; the consolidated statement of financial activities, the consolidated cash flow statement for the year then ended; and the notes to the revised financial statements, which include a description of the significant accounting policies. These revised financial statements replace the original financial statements approved by the directors on 8 October 2021 and consist of the attached supplementary note together with the original financial statements circulated to members on 22 October 2021. The revised financial statements have been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events which have taken place after the date the original financial statements were approved.

### 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 revised 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 group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the revised 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.

### EMPHASIS OF MATTER – REVISION OF PRINCIPAL ACCOUNTING POLICIES AND OTHER INFORMATION

In forming our opinion on the revised financial statements, which is not modified, we have considered the adequacy of the disclosures made in the attached supplementary note, concerning the need for revision of note 1, because of an omission in disclosure exemptions taken. The original financial statements were approved on 8 October 2021, and our previous auditors' report was signed on that date. We have not performed a subsequent events review for the period from the date of our previous auditors' report to the date of this report.

### CONCLUSIONS RELATING TO GOING CONCERN

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent charitable company's ability to continue as a going concern for a period of at least twelve months from the date on which the original financial statements were authorised for issue.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the revised financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and parent charitable company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the revised financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the revised 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 revised financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the revised 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 revised 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.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

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 ended

30 June 2021 is consistent with the revised financial statements and the Strategic Report and the Council of Trustees' report have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and the Council of Trustees' report. We have nothing to report in this respect.

## RESPONSIBILITIES FOR THE REVISED FINANCIAL STATEMENTS AND THE AUDIT

### Responsibilities of the trustees for the revised financial statements

As explained more fully in the Council Responsibilities Statement set out on page 38, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the revised 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 revised financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the revised 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 revised financial statements

Our objectives are to obtain reasonable assurance about whether the revised 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 revised financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and charitable company/industry, we identified that the principal risks of non-compliance with laws and regulations related to non-compliance with the Companies Act 2006, and charity legislation, and we considered the extent to which non-compliance might have a material effect on the revised financial statements. We also considered those laws and regulations that have a direct impact on the revised financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the revised financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent financial reporting, specifically the posting of inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed included:

- identifying and testing journal entries, in particular those entries posted with unusual account combinations;
- enquiry of management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reading minutes of meetings of the Group Audit and Risk Council and related governance bodies of the Group and charitable company; and
- assessing financial statement disclosures, and testing to supporting documentation, for compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the revised financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of auditors' responsibilities for the audit of financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. In the context of an audit of revised financial statements, in respect of our conclusion relating to going concern, we are only required to consider audit evidence up to the date of our original auditors' report. In other respects, this description forms part of our auditors' report.

We are also required to report whether in our opinion the original financial statements failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors. The audit of revised financial statements includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

### 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 the Companies (Revision of Defective Accounts and Reports) Regulations 2008 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

### OPINION PRESCRIBED BY THE COMPANIES (REVISION OF DEFECTIVE ACCOUNTS AND REPORTS) REGULATIONS 2008

The original financial statements for the year ended 30 June 2021 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in the supplementary note to these revised financial statements.

**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 revised 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 March 2022

# Contents

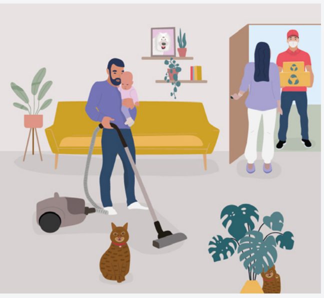
## Annual report



## Financial statements



## Our focus on consumer change for 2021/22


Consumer rights


Scams


Digital life

Money

# Thank you for helping to make life simpler, fairer and safer for all UK consumers.

**Continued uncertainty** has impacted all our stakeholders throughout the year, including consumers, businesses, policy makers and employees.

We've achieved a **solid financial performance** through innovation in our subscription model and the development of non-subscription revenue streams, and increased our reserves.

We've seen a healthy **growth in traffic through relevance** and availability of our expert content, and we are aiming for a broader and more diverse audience to benefit from our advice.

Our advocacy work **is delivering change for consumers**, from our work on Covid-19 travel refunds to scams.

**Sustainability and diversity** are becoming embedded across the organisation after significant focus in 2020/21.

Delivering our **digital transformation has proved more challenging** than we had hoped and will continue to be an ongoing focus for 2021/22.

We are **finishing the year in a strong position** to deliver our three-year vision, with engaged employees, a strong balance sheet and a clearly-aligned strategy.

**[Left] Photos of just some of the members and UK consumers we've featured in our magazines and helped in the last year.**

# Welcome

## Welcome from the Chair of the Consumers' Association

My first full year as Chair of the Consumers' Association has been challenging and rewarding in equal measure – challenging because of the continuing restrictions imposed on all of us by the pandemic, rewarding because of the remarkable progress the organisation has made nonetheless.

Consumers have continued to be confronted with a confusing and unstable environment in which I believe Which?'s role has been more important than ever. I hope that as you read through this year's Annual Report you will – like me – feel pride in the measurable achievements on behalf of consumers as your continuing support has enabled us to deliver strongly against our public benefit objectives as a charity. I am particularly struck by the headway we have made in getting the Which? message across to a bigger, wider and more diverse audience of members and supporters. This is thanks not only to our new membership model, but also to our commitment to being a more diverse and inclusive organisation in all respects. Although much remains to be done, a solid foundation has been built for the years ahead.

All of this amounts to good news for all UK consumers. And it owes much to the unity of purpose and the joined-up ambition and priorities of both the Council of Trustees and the Board of Which? Limited alongside our excellent Leadership Team and staff. My sincere thanks go to our CEO Anabel Hoult and her team, to Board Chair Judy Gibbons and our colleagues on the Council of Trustees and Board – all of whom have managed splendidly to overcome the difficulties associated with remote working. I am very grateful too for the continuing commitment of all our members and supporters. I'm both confident about and excited by the plans for the coming year – whatever the external circumstances may throw at us.

**Sam Younger**

## Update from the Chair of Which? Limited Board

I'm happy to report that we have seen strong commercial momentum over the past year, thanks to our determination to press on with our ambitious commercial strategy, despite the overall uncertainty in the world around us.

Having a strong and successful commercial business is vitally important: it is the income from our paid-for services that enables our independence and funds the delivery of our charitable purpose.

We've seen strong results from our innovative new subscriptions model, which offers more membership choices that are more relevant and appealing to a wider range of people. As a result, our member base is stable and more profitable: the expected lifetime spend of a member has increased by around 20% and the cost of acquiring new members has been reduced.

We're also working hard to ensure our members are informed and engaged, which has improved loyalty and retention, resulting in the lowest cancellation rates on record (down over 50% year-on-year). In addition, the revenue generated from new members is growing with a 33% increase year-on-year in the first three months of membership. These are positive indications of the effectiveness of the new strategy and provide confidence in the long-term sustainability of the subscription business.

Our revenue base is also becoming more diversified. Members appreciate help in all parts of the buying journey, from consideration through to purchase. Our Best Buy endorsements enable consumers to buy with confidence and provide us with a growing revenue source, and we increasingly provide a much broader range of click-to-buy links in our product reviews, to ensure consumers are directed securely to a suitable retailer.

There is a rigorous due diligence process in place across all of our commercial services to ensure that we maintain our independence and always work in the best interests of consumers. This is at the heart of everything that we do, whether it is charitable or commercial.

**Judy Gibbons**

# Chief Executive's Welcome

It has been another turbulent year for all of us at Which? – but we haven't let the pandemic hold us back in our mission to be the UK's consumer champion.

Many businesses and charities have been forced to batten down the hatches, just focusing on getting through an extraordinarily difficult time.

Which?, on the other hand, has kept moving forward. With strong foundations, we have been able to work towards emerging from Covid-19 in better shape than ever before – our own version of building back better.

As with every year, we started from the point of considering the needs of UK consumers.

At Which?, we are defined by our role as the driving force for positive change for all consumers across the UK, and I am pleased to say it has been another year of significant wins.

Our landmark claim against US chip-manufacturing giant Qualcomm made headlines and could result in a muti-million-pound payout for UK mobile phone users.

We responded to a surge of scams during the pandemic with our scam alert service, which has had more than 300,000 sign-ups. We continue to challenge bad practices where we see them and are sending a clear message that manipulative practices, abuses of power and failures to protect consumers are unacceptable.

We have also been seeking more legislative power in this area, collaborating with other organisations to call on the government to strengthen the Online Safety Bill.

Meanwhile, at Westminster, a bill to make pensions safer and greener for everyone became an Act of Parliament in February, thanks to the hard work and expertise of different teams across Which? over many years.

I was determined that we would respond to inspiring movements for greater racial and social equality with actions, not merely warm words.

Our Diversity and Inclusion strategic taskforce has given our colleagues a loud and clear voice when it comes to ensuring Which? is a place where everyone feels welcome.

Equally, we have further embedded sustainability at Which?, launching our Eco Buy endorsement, which will help millions of consumers to make greener choices and steer businesses towards upping their game, as Best Buy and Don't Buy recommendations have done for many years.

We've been listening to member feedback and the thousands of stories of consumer experiences during the pandemic has demonstrated that our purpose – tackling consumer harm by making life simpler, fairer and safer for everyone is more important than ever.

Despite the challenges of Covid-19, we took the brave and necessary action to overhaul our membership offering. This has yielded impressive results already, replacing constant churn with a membership that has stabilised at 613,000 (2019/20: 610,000), and we aspire to see growth next year.

Ambitious plans will help us to take the next step, of reaching a larger and more diverse audience of consumers who share Which?'s values but don't currently benefit from our advice and services.

We have plans in place to ensure we can confidently move forward with our essential work on our digital transformation programme in the coming year, to ensure a smoother journey for our members. We rightly set ambitious targets and we do not let bumps in the road or the unpredictable nature of the times we live in knock us off course.

I would like to thank all our staff, who have worked so hard and achieved so much during a full year of lockdowns and working-from-home conditions.

I know that they will show the same dedication for our priorities in the year ahead – growing our membership, increasing our relevance to all UK consumers and amplifying our impact.

To finish, I would like to share the reflections of Emmanuel Netsere, one of the four young apprentices who joined us this year.

He said: "One of the most inspiring things about working at Which? is that it is a values-led organisation, and my favourite Which? value is 'We're Brave'. In today's society, it's so important to ask difficult questions and speak up for what we believe is right – and that's how Which? achieves real change."

I know that if we aren't afraid to ask ourselves hard questions, set ambitious goals and continue to put our values at the centre of everything we do, we can achieve even greater things together in the years to come.

**Anabel Hoult**

# Council of Trustees Report

## (incorporating strategic report)

### Overview of the year

As we reflect on another year of uncertainty brought about by the ongoing pandemic, our purpose – to make life simpler, fairer and safer for everyone – resonates more powerfully than ever. New challenges, such as the aftermath of Brexit and an increasingly digitalised landscape for consumers, means that we must work hard to remain relevant to consumers.

As a self-funded charity, the Consumers' Association must have long-term financial stability, enabling us to achieve our charitable purpose and deliver important positive impact for consumers. We generate our own revenue through our commercial arm, Which? Limited, and don't rely on grants or donations. Delivering our strategy and vision requires us to stabilise and ultimately grow our subscriptions revenue (2020/21: £75.4; 2019/20: £77.5), while simultaneously building the income from our other commercial services, such as our endorsement scheme and our Legal and Trusted Trader offerings. We've made good progress in year which you can read more about from page 26.

As we look ahead, it is clear that the work we have done on our strategy over the past two years has laid the solid foundations for us to clearly and confidently set out our vision for the future and the actions we will take to make this a reality.

### Wins and challenges

In the 2020/21 year, Which? has a lot to be proud of. We've delivered some significant achievements for consumers, particularly in a year that has seen the continuing challenge of a pandemic.

### How your feedback helps

Over Christmas, a member rang our money helpline to alert us to a fake NHS text saying they were eligible for a Covid-19 vaccine. We immediately investigated, and found the text led to a fake – but highly convincing – NHS website. We were able to work quickly to post an article on Which? Conversation, share it across our social media channels and add it to our scam alert email.

Within 24 hours, **40,000** people had read the story and now our warning message has reached more than **600,000** consumers. We're very thankful to the member who contacted us; they have helped protect more than half a million people during a really difficult time. It shows that our members play a key role in the work we do.

### Our 'Have your say' programme

This has been a really effective way for us to get feedback from a wide range of members – it has seen 100,000 members sharing their thoughts in the 18 months since launch. We received just under 3,000 new product/investigation suggestions from members and nearly 200 ideas for topics we could cover in our supplements. As a result, we've fast-tracked the testing of some key product categories. You can read more about how we're listening to our members and supporters on page 9.

This includes our significant work on travel refunds and scams campaign. Positive outcomes include a strong year for our consumer work, where we were able to influence legislation to better reflect consumer interests. You can read more about the positive impact we've had for consumers on pages 13–23. However, we also recognise there are areas in which we've fallen short and we must challenge ourselves in the year ahead to improve.

A key challenge has been meeting project targets for some elements of our digital transformation. You can read more about this on page 27.

### Three-year vision

By 2024 we'll be the UK's most famous brand for championing consumers. Everyone will know we make life simpler, fairer and safer by offering independent advice, influencing businesses and policymakers, and tackling even the most sophisticated online consumer harm. We'll have more members who are representative of our diverse society today, deepening our insights and giving us a more powerful voice. New revenue streams will mean more for us to spend on protecting consumers. Our free offer will make us more accessible, so more people will know that Which? is on their side.

## Sustainability

As with diversity and inclusion, we've been taking steps to embed sustainability across all areas of the business, both internally and externally. Externally we have launched initiatives such as the Eco Buy endorsement, which assesses the repairability, longevity and energy-efficiency of products (page 25), and have launched a new, free sustainability email update and we are trialling a new podcast series (page 24).

Internally we have made a number of green changes in our offices and in key business areas to offset the carbon we generate, including the products we test.

Our products and services will be a breeze to use, with every experience more personalised. And our content will have more direct impact, appearing more regularly in the right channels at the right time.

Sustainability will be second nature to us, and we'll be unmistakably diverse and inclusive – more flexible in the way we work, with systems and processes that make it quick and easy for us to get our best work done. By 2024 we'll be more relevant to more consumers, a bigger part of their daily lives than ever before.

## Diversity and inclusion

Becoming a more diverse and inclusive employer has been, and will continue to be, a key part of our agenda. This is important both internally in how we embed this throughout our organisation, but also externally in how our advocacy work, product reviews, magazine content, membership model and services speak for all UK consumers. You will see diversity and inclusion mentioned throughout this report, as it becomes embedded in everything we do. Last year we informed you that we were holding ourselves to account by making seven anti-racism commitments. You can read an update on how we have progressed against these commitments on page 36.

## Listening to and learning from our members

Our member services give us the opportunity to hear about what we're doing right and we also have our members who bring to light to issues we may not have been aware of. This was the case with our work in June 2021, when a Which? Conversation post discussing catalytic converters theft inspired Which? to look into the issue further. The data we gathered off the back of this conversation found that between 2019 and 2020 alone, incidents of catalytic converter theft in England, Northern Ireland and Wales rose 104% on average. We went on to cover this research in *Which? Magazine* as well as national media.

## Public benefit and section 172(1) statements

The Council of Trustees has a responsibility to follow the Charity Commission's public benefit guidance. The Trustees are also bound by duties as charity trustees and under s172(1) of the Companies Act 2006 as company directors, in particular by their duty to promote the success of the Consumers' Association to achieve its charitable purposes. The Trustees have discharged their duties, and in this report we provide an account of the year which demonstrates clearly how the Group's significant activities, and those of the Consumers' Association specifically, have contributed directly and indirectly to the delivery of the Consumers' Association's charitable purposes for public benefit and how the Trustees have discharged their s172(1) Companies Act duties and taken account of stakeholder interests (see page 32 for some specific commentary around our stakeholders' interests).

## Looking ahead

We've been looking at new and innovative ways of addressing consumer harm in diverse audiences, and we're pleased to announce that we are launching a pilot of the Which? Fund in 2021/22. The Fund will look to address consumer harm by awarding grant funding for high-quality research aiming to improve understanding of the specific consumer harms experienced by diverse and disadvantaged consumer groups, and develop evidence-based solutions. We will bring more detail on this as the pilot progresses.

# Who we are

Which? is the UK's consumer champion. As an organisation, we're not for profit and all for protecting consumers – a powerful force for good, here to make life simpler, fairer and safer for everyone. We stand up for what's right for consumers, their experiences drive us to make things better.

Our parent charity, the Consumers' Association, is funded by our commercial subsidiaries. They generate income from membership subscriptions and businesses whose products or services earn our endorsements can, for a fee, use our name to promote them. We're not influenced by third parties and we don't accept freebies from product manufacturers or retailers.

We stand up for what's right for consumers, their experiences drive us to make things better. Our research gets to the heart of the consumer issues that matter, and our expert advice is completely impartial. Same goes for our product reviews – our rigorous tests and expert recommendations help consumers to make better decisions. We investigate and make change happen – from tackling online scams to campaigning for safer products, we're the independent consumer voice that influences politicians and lawmakers and holds businesses to account.

Everything we do is about championing consumers. We'll always be on their side, fighting their corner and working to make them more powerful.

### Charitable purposes

The charitable purposes of the Consumers' Association, below, are set out in the Articles of Association, which is the charity's governing document:

to advance education in such ways as the Trustees think fit, including through:

(i) undertaking, promoting and disseminating impartial, scientific and/or evidence-based analysis of or research into:
(a) the standards of goods and services available to the public as consumers; and
(b) ways in which the quality, safety and availability of such goods and services may be maintained and improved;

(ii) promoting and improving knowledge and understanding of:
(a) laws, regulations, public policies and business practices so as to empower consumers in their everyday lives;
(b) any aspect of public health and in the principles of physical and mental health; and
(c) life skills, including those relating to personal finance, digital and technology, horticulture and the home;

- to uphold and promote compliance with consumer laws, regulations and public policies, in particular through the exercise of the Association's statutory powers for the benefit or protection of the rights of consumers;
- to protect and promote the safety of consumers;
- and to promote the interests of consumers who are restricted from accessing or using goods, services or data because of their youth, age, ill-health, disability, financial hardship or other disadvantage.

# Streamlined Energy and Carbon Reporting (SECR)

We analyse how much energy we have used in our offices and when our employees have been travelling on business to calculate our energy use and carbon emissions. Below is the 2020/21 assessment for the Consumers' Association and Which? Limited. We have restated 2019/20 data due to a change in methodology and to provide consistent results.

The energy has been converted into greenhouse gas (carbon) emissions. From this assessment we have calculated a ratio of 0.91 tonnes of $CO_2e$ emissions per average employee in the Group, which is a reduction of 33% in comparison to 2019/20. This improvement in energy efficiency is largely due to the effect of the global Covid-19 pandemic that resulted in our staff working from home for an extended period.

**Intensity ratio**
**($CO_2e$ per full-time equivalent):**
0.91 tonnes of $CO_2e$ per average number of employees in the Group in the year to 30 June 2021, (2019/20: 1.36 tonnes of $CO_2e$ per average number of employees in the Group).

**Energy efficiency measures taken this year include:**
We have installed electric charging points to our head office car parking spaces in anticipation of a shift towards electrically powered vehicles and our energy contracts were re-procured selecting those companies that had the greatest sustainability credentials (page 36).

**Methodology:**
The electricity and gas quantities used in the year were taken from the suppliers' invoices for use of our headquarter offices, 2 Marylebone Road in London.

The conversion of gas from kWh to $CO_2e$ was based on gross calorific values. Conversion factors for this and the below were obtained from **www.gov.uk/government/publications/greenhouse gas-reporting-conversion-factors-2021**. The usage of gas and electricity in the offices not owned by the Group (Bristol and Cardiff) were estimated based on the floor area at each site by kWh for 2 Marylebone Road. In the prior year, an average usage per employee for 2 Marylebone Road was calculated and prorated for the headcount in those respective offices. The methodology was changed as using floor area provides a static calculation going forwards. The quantity of kWh used for transport is based on the mileage completed by employees on business expenditure and converted to kWh using 'average car' by size and 'unknown basis' of fuel-type conversion factors from the above website.

**WHICH? SECR UK ENERGY USE**

| | CONSUMERS' ASSOCIATION | | | |
|---|---|---|---|---|
| | **2020/21** | **2020/21** | **2019/20** | **2019/20** |
| **Activity** | **kWh** | **GHC – Tonne of $CO_2e$** | **kWh** | **GHC – Tonne of $CO_2e$** |
| TOTAL GAS | 220,215 | 40.3 | 232,179 | 42.7 |
| TOTAL ELECTRIC | 842,533 | 178.9 | 1,189,531 | 277.3 |
| Transport | 11,476 | 2.7 | 25,010 | 6.0 |
| **TOTAL** | **1,074,224** | **221.9** | **1,446,720** | **326.0** |

| | WHICH? LIMITED | | | |
|---|---|---|---|---|
| | **2020/21** | **2020/21** | **2019/20** | **2019/20** |
| **Activity** | **kWh** | **GHC – Tonne of $CO_2e$** | **kWh** | **GHC – Tonne of $CO_2e$** |
| TOTAL GAS | 365,007 | 66.9 | 384,838 | 71.0 |
| TOTAL ELECTRIC | 1,396,502 | 296.5 | 1,971,652 | 460.0 |
| Transport | 14,359 | 3.4 | 53,809 | 13.0 |
| **TOTAL** | **1,775,868** | **366.8** | **2,410,299** | **544.0** |

| | GROUP | | | |
|---|---|---|---|---|
| | **2020/21** | **2020/21** | **2019/20** | **2019/20** |
| **Activity** | **kWh** | **GHC – Tonne of $CO_2e$** | **kWh** | **GHC – Tonne of $CO_2e$** |
| TOTAL GAS | 585,222 | 107.2 | 617,017 | 113.7 |
| TOTAL ELECTRIC | 2,239,035 | 475.4 | 3,161,183 | 737.3 |
| Transport | 25,835 | 6.1 | 78,819 | 19.0 |
| **TOTAL** | **2,850,092** | **588.7** | **3,857,019** | **870.0** |

# Financial overview

Our parent charity, the Consumers' Association, increased the allocation of resources to delivering our charitable purpose, with charity spend increasing to just over £23.5m (2019/20: £21.9m). This spend is wholly funded by our commercial business.

After the allocation of charitable spend, together with non-trading income and costs, our net commercial activities generated a further £4.3m of profit, which combined with realised and unrealised gains on our investments of £4.8m, has more than offset a £1.8m loss on the revaluation of the pension scheme to deliver an increase in the Group's reserves of £7.3m. The carried-forward reserves of £59.7m provide a healthy reserves position.

## Commercial income

Our income from trading activities decreased by 2.7% to £88.1m, reflecting the continued reduction in our main source of income from subscriptions paid by our members for the magazines and advice. We have stabilised our member subscription numbers at 613,000 (2019/20: 610,000) after five years of decline thanks to the new membership options, which includes a digital-only option for new sales for the first time (read more on page 26). As the increase in subscriptions was weighted towards the end of the year, and reflects a number of differentiated offers, the subscription income has fallen from the prior year. The increase in subscriptions as we ended the year provides the opportunity to stabilise the subscriptions income in the coming year.

The fall in subscription income is partially offset as we have successfully grown our non-subscription income, with particular success from growing our partnership income because of providing members with improved access to make their purchasing decisions from our recommendations. Our endorsement income is in line with the prior year, as whilst the year started with challenges from continued issues with companies pulling their marketing spend, the story has become more positive towards the end of the year. Whilst the consumer subscription market remains challenging, key learnings from 2020/21 give us confidence, notably that under the tiered subscription model we have seen fewer cancellations and consumers are willing to sign up for annual subscriptions. We continue to focus our efforts on increasing conversion and delivering our digital transformation programme. For non-subscription revenue, we hope to push our retailer links further, by targeting more integrations and looking for new retailers to help drive our existing switching propositions.

## Expenditure

While investing in technology we have maintained a tight focus on cost control, delivering a year-on-year reduction in trading costs. We plan to increase the scale and pace of technology investment in the coming years to provide our members, audiences and employees with ever improved ways of engaging and working with us.

The charitable activities spend increased on the prior year, principally through the focus on the awareness-raising campaigns, particularly with regards to scams.

## Charitable resources

Our reserves position has significantly benefited from an increase in the value of our investments due to the improvement in economic sentiment from last year when the Covid-19 pandemic was in its early stages. This has resulted in an unrealised gain in investments of **£4.1m**, which has more than offset the unrealised loss from the revaluation of the pension scheme of **£1.8m**. As in previous years, we expect to continue to see volatility from both the investment performance and the FRS 102 pension valuation over the coming years.

# How we helped consumers this year

We tackle consumer harm by making life simpler, fairer and safer for everyone. Our purpose has never been more important. It informs both our advocacy and influencing work and our commercial services.

We focus our support for consumers in four main areas: consumer rights, digital life, scams and money.

These areas have been carefully selected based on both where there is the current (and future) consumer detriment and where we have the experience, expertise and ability to have the most positive impact. The following pages give some insight into the vast amount of work we've undertaken in 2020/21 in areas as diverse as cancelled weddings and postal scams, to post-Brexit trade deals and pensions.

The changing consumer climate demonstrates that Which? is as relevant as ever and our purpose has never been more clear. The past year has presented many consumer challenges, some that have grown from existing areas of harm – such as scams or access to cash – and some that are emerging issues as a result of Covid-19 or the challenges Brexit and various trade deals have presented. Throughout all the consumer challenges, new and continuing, Which? has been flexible and responsive. We believe we have made strong progress and can be proud of what we've achieved.

### Consumer rights

- We use our tests, investigations, helplines, policy insight and legal expertise to identify practices that are unsafe or unfair on consumers.

- We push to re-shape the policy landscape so that consumers are well protected in a post-Brexit UK.

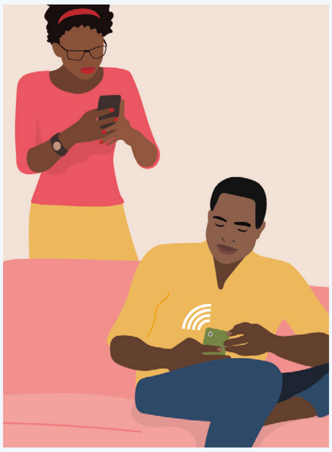
### Scams

- We help consumers stay ahead of the scammers. We call out new scams and show consumers how to spot them and avoid them.

- We campaign for better protection from scams and for redress for the victims of scams.

### Money

- We influence businesses, and challenge and support policy makers, to do more to help consumers make informed choices around money. We campaign for fairer markets, where financial products and services are transparent and easy to understand.



### Digital life

- We are a go-to source of advice on data protection and security. We push for more responsible use of technology, safer smart appliances, wider access to good connectivity and fairer digital markets. We fight against digital exclusion and for the right protection of digital users.

# Our impact for consumers

This was a strong year making positive change happen for consumers. These examples show the different ways we created impact this year:

## Empowering

**Directly supporting millions of consumers to deal with the challenges they faced this year,** including via our rolling responsive programme of Covid-19-related advice on travel, consumer rights and finances and our rapidly-growing weekly scams alert email. We added new services and advice to help us grow our impact, including a mobile switching service, a new Eco Buy endorsement and a scams reporting tool.

## Challenging

**Taking on big businesses when they haven't been playing fair, and driving better enforcement.** We successfully challenged regulators to clamp down on companies we felt could do better, driving investigations into airlines' unfair refund practices and online platforms' inaction on fake reviews. We also flexed our legal muscles with a collective redress legal challenge to the tech giant Qualcomm for systemic overcharging which could see mobile phone customers able to claim back millions.

## Protecting

**Protecting the things that matter to consumers.** Our cash campaign launched a cash pledge that resulted in more than 200 retailers promising to continue to let consumers pay by cash for as long as they need to. Our trade policy work and food standards campaigning helped protect the UK food standards that consumers feel strongly about, with our evidence and our voice helping to influence a government commitment to maintaining the ban on hormone-treated beef in the UK-Australia trade deal.

## Championing

**Shaping a more 'fit-for-purpose' (consumer-focused) legislative and regulatory landscape.** This year we influenced important new pieces of legislation to better reflect consumer interests, including the Pension Schemes Act. We also shaped the government's approach to regulating the security of connected products and tackling online harms, as evidenced in the Product Security and Telecommunications Infrastructure Bill and the draft Online Safety Bill that should pass through Parliament in the next year. We also helped secure government commitments, from regulating Buy Now, Pay Later schemes, to consulting on stronger powers for the Civil Aviation Authority (CAA).

**Each year we analyse our records and survey thousands of consumers to help us understand more about the difference we make. In 2020/21 we heard directly from more than 20,000 consumers about how we helped make their lives simpler, fairer and safer.**

## Making consumers' lives simpler

**We supported consumers to make informed decisions about the things they buy, making it easier for them to avoid goods or services more likely to disappoint, with new Eco Buy advice introduced this year to help those who want to buy more sustainably.**

**We also helped hundreds of thousands of consumers who might otherwise have found it difficult to take action that would benefit them (e.g. making a complaint or switching utility provider), including by expanding our support to include a new mobile switching service.**

**Take-up of our practical support increased this year as we were able to respond to new difficulties or priorities created by Covid-19 – e.g. as we saw more interest in advice on using the internet to stay in touch during lockdowns and more interest in will-making because of the health threat of the pandemic.**

***"Critical support ... Helped me adjust ... so that I was able to use my computer online during the lockdowns."***

***"Saved us a lot of time dealing with a complex topic ... giving us greater confidence to fill in the forms and follow up as needed ..."***

***"I've come away with greater awareness of which products are better for the environment."***

**c5.5 million**
purchasing decisions supported – from white goods to face masks, from insurance providers to local traders

**85%**
of consumers who see our endorsement logo while shopping say that it makes them less worried about choosing the wrong product or wasting their money

**94%**
of members surveyed about our new Eco Buy scheme said they found our sustainability information helpful in their decision-making

**c£2.3m**
estimated total saving made by consumers we helped to switch their utility provider this year

## Making consumers' lives fairer

Our helplines supported consumers to tackle more than 75,000 money, legal and computing problems, and our online claims tools helped more than 40,000 consumers seek redress after problems with goods and services – e.g. refund claims for travel disrupted by Covid-19. Our investigations, campaigns and policy work protected consumers from being short-changed by unfair business practices as we successfully challenged businesses selling online with inadequate refund policies, insurance companies offering poor Covid-19 protection for travellers, and online marketplaces tolerating fake reviews. We continued to fight to make sure no consumers are unfairly 'left behind' in an increasingly digital world, with our leadership of the national fast-fibre broadband Gigabit Taskforce (gigaTAG) influencing government thinking on how to ensure all consumers can benefit from the best available broadband service, and our cash campaign winning firm commitments from banks and big businesses to protect cash for those who need it.

***"It was just like calling a friend to discuss an issue and the advisor made the whole interaction stress free so that I was able to come away with a much clearer idea of what my options were …"***

***"Gave me confidence to take on a big company and I managed to receive a full refund on a high-value item."***

**c120,000**
consumer queries and problems dealt with in person and online

**£14m**
estimated value of the refunds paid out to consumers using our online claims tools

**87%**
of callers to our helplines said our advice gave them the confidence they needed to tackle the problem they were facing

**209**
UK businesses signed our cash pledge and agreed to accept cash payments while there are still consumers who would prefer to, or need to, pay by cash

## Making consumers' lives safer

We have reduced the risk to consumers from scammers, from insecure smart products, and from unsafe products – including this year a number of 'health' products making misleading claims about Covid-19 prevention. This year to increase our impact on scams we established a powerful consortium of 17 high-profile businesses to support our call for better legislation and business accountability for keeping consumers safe when they go online. We also raised the profile of our scams alert service. After promotional activity our scams alert email is now reaching c300,000 consumers a week – and not only this but more than half of recipients (57%) say they share our scams advice with others, giving us an even bigger audience!

***"I've distributed the information to elderly people in my care which has alerted and protected them."***

***"Reading your information and advice has built my confidence to deal with these attempts to defraud and I also pass on the information to my neighbours."***

***"Passing on your advice to a friend about an Amazon telephone message saved her £200 and … (we) dealt with a tax message threatening to send the police … don't know how much that saved!"***

**81%**
scams alert recipients surveyed said they felt more aware of how to reduce the risk of scam, more confident about spotting a scam, and/or more aware of what to do if they were scammed

**73%**
scams alert recipients surveyed this year empowered to use our advice and had taken at least one action to reduce their risk, avoid a scam or respond to a scam attempt

**c£1.2m**
is the sum our scams alert recipients estimate we helped them keep out of the hands of scammers this year when they used our advice to prevent a scam or to get their money back after a scam

**60**
occasions where we made the online world a little less unsafe – as we forced companies to take down listings of unsafe or insecure products and fake adverts, and to make their websites and/or their customer emails more scam-proof

# Consumer rights

With many sectors facing ongoing, unprecedented pressure, consumers are too often sharing that burden and we have repeatedly seen businesses use the pandemic as an excuse to breach consumer law. Particularly hard-hit areas included travel and wedding refunds issues. To add to an already busy year, multiple trade conversations post-Brexit also gave Which? a lot to consider as we scoured the deals on the table for potential consumer harm.

## Travel challenges

The impact on travel as a result of the pandemic has continued into another year. We have made strong progress in tackling consumer harm over the past 12 months and we have delivered significant positive impacts for millions of consumers. We've been influencing key policy makers and provided relevant and responsive advice. Our investigations and subsequent submissions to the Competition and Markets Authority on cancellations led to it ordering some of the UK's largest travel companies, including Loveholidays, Teletext and Lastminute.com to return hundreds of millions of pounds of withheld and delayed refunds to consumers.

Our influence in the travel sector was reflected by us being the only large consumer organisation invited by government to participate in the Global Travel Taskforce. Here we successfully defended efforts by airlines and holiday companies to amend and weaken key parts of consumer rights protection around cancellations, refunds, delays and package holidays, as well as feeding in consumer views on how travel should restart.

## Did you know?

Travel editor Rory Boland was our most prominent spokesperson this year. He made **853** appearances as our primary travel spokesperson and was widely quoted in the national press, giving advice to consumers on travel restrictions, travel insurance and refunds.

## WIN! More power to the CAA and consumers

We have found airlines regularly breaking the law over delay compensation, vouchers and refusing to help passengers get home when they cancel a flight.

No airline in the UK has been fined or punished for breaking consumer law in 17 years, since the Civil Aviation Authority (CAA) gained its current powers.

The government, having reviewed our evidence, committed to reform the enforcement powers that the CAA has on airlines that breach consumer rights.

## Misleading PCR testing

Covid-19 PCR tests for travel have become a crucial part of trips in the last year. Our research into the testing providers listed by the government found several firms didn't actually exist, while others were misleading consumers over price. The research made the front pages and saw *The Times*, *Daily Telegraph* and *Guardian* do follow up investigations using our research, while forcing the government to remove three providers from its list and ordering others to amend their pricing.

## Wedding refunds

The high financial and emotional cost of a wedding, coupled with the fact that the industry is largely unregulated, led to lots of consumers contacting us for advice on their rights to refunds on postponed and cancelled weddings. We ran a number of magazine and online articles on UKGI, a distributor behind several popular wedding insurance brands, after we were alerted to a number of denied claims. Following us submitting a subject access request, we found that UKGI had changed its terms and conditions, and discovered it was cynically insinuating some customers bought policies expecting to claim.

We challenged the firm for treating its customers in bad faith, reported it to the Financial Conduct Authority (FCA), and encouraged all its customers to go to the Financial Ombudsman Service (FOS). By February this year, the FOS had received 300 complaints and in June 2021 the ombudsman published it upheld 94% of these.

## Cladding crisis

We have worked to bring a human face to this issue - highlighting it throughout Which? content as well as in the press. It's also been one of our most engaged areas on Which? Conversation, bringing in nearly 700 comments and 110,000 page views.

## National trade conversation

Which? launched the National Trade Conversation in August 2020 to establish consumers' priorities in trade deals and to inform policymakers as the UK continues international trade negotiations. The first of its kind in the UK, the event was a series of in-depth citizens' dialogues and involved almost 100 people from across the country. The focus of the discussions was on what matters most to people about the consumer aspects of trade deals when the risks and benefits are explained in detail. There were four clear priorities emerging relating to: maintaining food and consumer product standards, digital rights and data protection, ensuring that all regions of the country can benefit, and protecting the environment.

We have built on this research through wider influencing, including representation on key Department for International Trade advisory groups, and have been making the case for why consumer interests have to be central to trade deals. We also hosted an event with the Trade Minister to discuss the findings. In November, we published the findings and set out what consumers believe should be the priorities for the ongoing negotiations with countries including New Zealand and Australia, and for trade deals in years to come.

## Looking ahead

A major focus for Which? in the 2021/22 year will be the government's proposals for reform of consumer and competition policy which will underpin many of the issues we work on and will be an opportunity to strengthen consumer rights, regulators' powers, public enforcement and consumer redress. We will also focus on key sustainability areas including the transition to electric cars. We anticipate that the uncertainty around travel will continue for some time and therefore there will be much work for us to do in this area.

# Scams

We've seen text and email scams run riot as fraudsters have taken advantage of the confusion generated by the pandemic. Across the UK, people have lost £1.7 billion to scams in the last year (source: Action Fraud, Feb 2021). This has meant Which? has had much to do in fighting the seemingly never-ending wave of scam threats by giving consumers the knowledge to spot and avoid them, or what to do if they have been affected by one.

## Scam alert service and sharing tool

Our free email scam alert service, launched in April 2020, has become increasingly popular over the last year. The service informs people of scams currently in circulation, as well as offering helpful tips on how to spot them. In March 2021, we launched our scams sharer tool on our website, which encourages those who have been affected by scams to share their story with us after they have reported it to the relevant authorities. This has helped us gather useful data, such as the most popular types of scams, as well as real life accounts of the impact scams can have on an individual. These case studies have helped us bring life to the issues when talking to those in the corridors of power, as well as in our magazine and media work on our scams campaign. Our posts on Which? Conversation each week have collectively seen 3.5m views, and the comments we get provide an accurate bellwether of where and when scams are happening, enabling us to be responsive to consumers when it comes to what scams are active.

## Draft Online Safety Bill and online scams

In May 2021, Which? played a leading role in bringing together a coalition of 17 organisations to write an open letter to the government calling for fake and fraudulent content that leads to scams to be included in the scope of its forthcoming draft Online Safety Bill. More than 2,000 campaign supporters tweeted their backing for our calls, and our joint letter received 38 pieces of press coverage, reaching 11.78m people. Less than a week later, the Department for Digital, Culture, Media & Sport announced that user-generated fraud will be included in the draft Online Safety Bill, giving online platforms legal responsibility for tackling fraudulent user-generated content on their sites for the first time.

It was important to work with key stakeholders to ensure scams can be tackled from all directions and so we convened a workshop with UK regulators, government departments and major tech platforms, including Facebook, Twitter and Google, to discuss how we can go about tackling fake and fraudulent adverts online.

## From fraud victim to anti-scam campaigner

When Maria Teresa Jackson, 63, realised that she had lost over £120,000 of her retirement savings to a fraudster, she was in a complete state of shock. She had been groomed over a number of weeks, after clicking on a cryptocurrency investment advertisement that she had seen on a social media website. Given that the investment platform appeared to be endorsed by celebrity Bear Grylls, and the placement of the advert was on a trusted social media platform, Maria Teresa had been lulled into a false sense of security. Unbeknownst to her, she had been transferring her retirement funds into a criminal's bank account.

Following the scam, Maria Teresa experienced sleeplessness, high levels of anxiety and felt despondent. She did not receive the support from her bank that she had hoped for – she is still fighting for full reimbursement today.

The turning point in coming to terms with what had happened occurred after Maria Teresa posted a comment about her experience on our online community space – Which? Conversation. Maria Teresa was approached by the Which? team to support the campaign to 'Stamp out Scams'. Initially, Maria Teresa was hesitant – the fraud had not only erased her lifetime savings, it had destroyed her confidence. She felt as though she could not make much of a difference.

She was determined to use her ordeal to help others, however, and agreed to become a campaign advocate. Talking to journalists about her experience was cathartic – she overcame her nerves, and spoke eloquently about her experience with national news journalists. Maria Teresa's story has now been featured by several national news outlets, including ITV news. Maria Teresa feels proud to raise awareness of an increasingly prevalent crime, and provide reassurance and comfort to other fraud victims. Speaking about her new campaigner status, Maria Teresa said:

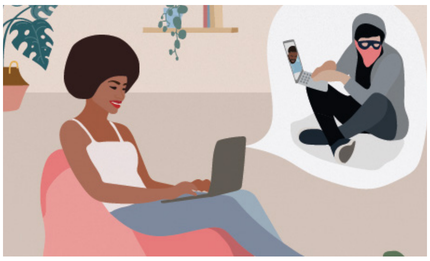
*"It feels great to be part of the solution."*

- Which? research found that three in five people have received a scam delivery text in the last year.
- So far the scam alert service has seen over **300,000** sign ups, with those registered receiving regular alerts straight to their inbox as Which? discovers them.
- We received **1,600** scam reports in the first **20** days after launching the scams sharer tool.
- Our scams sharer tool shows us what types of scams are the most common, with telephone (**33%**) and text messages (**32%**) the ones most regularly reported to us.

## Did you know?

- In the world of social media, having a celebrity engage with your content is a sure-fire way to ensure more eyes will see your message. We were pleased to see football legend **Gary Lineker** share his support of our scams campaign with his 7.8m followers on Twitter.

- Which? research found that **£700,000** is being lost to bank transfer scams every day.



## Scams marketing campaign

To bring our scams marketing campaign to life we created three characters: Identity Thief, Bank Impersonator and Savings Swindler as engaging reminders to be vigilant. The marketing campaign also served to promote Which?'s free scam alert service, to help people feel informed, rather than anxious. The campaign drove over 200,000 sign ups to the service.

## Looking ahead

The scams landscape is ever more complex as scammers' tactics evolve. Which?'s strategy is to tackle scams holistically. We must ensure that banks and financial services, telecoms operators and digital (social media and search) platforms all do their bit to protect consumers and that gaps in the current legislation are addressed. A key weapon in the fight against scams is intelligence, and so in the coming months we will assess the landscape of intelligence sharing in the UK and bolster our scams data capture and analytics capabilities in collaboration with other organisations.

# Digital life

The rapid migration of goods and services to online has brought many benefits to consumers, but it has also created some significant challenges and detriments. Reliable and fast connectivity is becoming increasingly important and services such as broadband need to show they can support our needs. We've also highlighted areas that present real consumer harm, such as fake reviews. We've seen everyday items from kettles to toys go online, but the security and lifespan of these products can all too often leave a lot to be desired. Which? has ramped up our focus in this area to ensure consumer rights and safety are protected, be it in physical or digital spaces.

## Gigabit Take-up Advisory Group

In a Which? survey seven in 10 people (71%) said they had used their internet connection more since the outbreak of the pandemic, with nearly two thirds of those saying their use has increased substantially. Therefore, it is vital that consumers and businesses across the UK have a fast, reliable and stable connection if our economy is to thrive in a future defined by global communication. In August, the Department for Digital, Culture, Media and Sport asked Which?, the Confederation of British Industry and the Federation of Small Businesses to convene the Gigabit Take-up Advisory Group (GigaTAG), to look into how to stimulate demand among consumers and businesses for gigabit-capable broadband. In its final report, the GigaTAG found the main barriers to the adoption of these connections for both consumers and businesses include a lack of awareness and understanding of gigabit broadband and little perceived benefit of gigabit broadband. Our report provided a set of recommendations to tackle those barriers, including the need for clear and common terminology to describe gigabit broadband and its benefits in straightforward terms.

## Product safety

In March 2021, the product safety regulator, the Office for Product Safety and Standards, launched a

## Legal action against Qualcomm

### a Q&A with Lisa Webb, Senior Lawyer

In February, Which? filed a claim on behalf of 29 million UK consumers that, if successful, could see them receive a collective £480-million payout. Lisa Webb, Senior Lawyer, explains this landmark action.

### What is Qualcomm?

Qualcomm is a global manufacturer of chipsets which enable smartphones to connect to 4G networks. It also holds patents essential to widely-used 4G technology.

### What happened?

Qualcomm is alleged to have abused its position as a dominant company and charged smartphone manufacturers inflated fees to use its technology. This increased costs for smartphone manufacturers, such as Apple and Samsung, and in turn led to consumers paying higher prices for our phones.

### Why is Which? doing this?

Which? is the UK's consumer champion, here to make life simpler, fairer and safer for everyone. We believe that Qualcomm breached competition law and it cost UK consumers millions of pounds, so we are taking legal action against Qualcomm to recover the overpayments made on Apple and Samsung handsets bought since 1 October 2015.

This type of legal action means that, if eligible, consumers will automatically be included in the claim unless they tell us that they don't want to be. As it stands, we estimate that, depending on the number and type of phones a consumer bought, they could be due between £5 and £30 per person.

## WIN! The battle against fake reviews continues

In June 2021, following on from a number of Which? investigations into fake reviews, the Competition and Markets Authority announced that it is investigating Amazon and Google over concerns that they have not been doing enough to combat this issue on their sites.

call for evidence looking at the safety of products sold online, including through online marketplaces. This is an issue Which? has been campaigning on for several years. Then in June, the National Audit Office published a report into the UK's product safety system which found that there are gaps in the Office for Product Safety and Standards' powers over products sold online. Which? fed into the National Audit Office's report.

As everything from our fridges to our doorbells becomes connected to the internet, Which? found some of these products are at risk of hacking, and during our research we found 12,000 attempts come from across the globe in a single week. Working with cyber security specialists we found hacking attempts coming from all around the world, with some of these being for malicious purposes, such as attempts to log into the devices with a weak default username and password. Which? has voiced public support for the Product Security and Telecommunications Infrastructure Bill, expected to be introduced in 2022, which aims to regulate insecure connected products. Among its provisions is that default passwords on connected products, such as 'admin' or '123456', will be made illegal. We would like to see this supported by strong enforcement.

## Looking ahead

In our digital products workstream we are undertaking policy work into the longevity of devices with industry partners. Another key area of work for us is health data. We embarked on this topic since the increasing use of digital health, fitness and wellbeing trackers, apps and services – accelerated by the pandemic. As lifestyle data and services blend with patient data and public health services, there is significant work to be done to ensure consumers' rights are protected.

Following on from our work in device security, we will develop work on product lifespan. The two are connected; and longevity is a natural expansion of our work on smart products. There is also a real opportunity for Which? to lead in the area of sustainability and digital products.

# Money

The pressures of the pandemic have caused even more bank and ATM closures and cash payments being refused by many retailers, and has also spurred on an increasing popularity of buy now, pay later consumer borrowing that leaves customers prey to an unregulated industry and at risk of borrowing what they can't afford. Which? has often had to react quickly to the changing consumer trends, as well as continuing our work on longer-term goals such as influencing the Pension Schemes Bill.

## Access to cash

Our campaign on access to cash has continued in 2020/21. We've worked hard to pressure the government, regulators and businesses to take stock of the issue and to act.

### Here's what we've achieved:

- We launched our Cash Friendly Pledge, which now has **200** businesses signed up to accept cash in stores, including major supermarkets and pharmacies.

- Bank CEOs responded positively to our public calls for a commitment to LINK and Post Office Banking Framework, until either the introduction of legislation or the current agreement ends in 2022.

- The Public Accounts Committee's report on the production and distribution of cash included a number of our recommendations and we were invited to give a private briefing to the Committee on our insights on cash and views on the National Audit Office's report in October to inform their recommendations.

## Pension Schemes Bill

### a Q&A with Paddy Greene, Head of Money Policy

Which? played a pivotal role in shaping the Pension Schemes Bill, which officially passed through Parliament in April 2021, becoming the Pension Schemes Act 2021. Here Head of Money and Consumer Rights Policy, Paddy Greene, explains more.

### What is the Pensions Scheme Bill?

The Pension Schemes Bill would create a legislative framework for pensions dashboards – digital interfaces that enable people to see all their pension savings in one place so that individuals can make better decisions about their retirement plans.

### How was Which? involved in the Bill?

Which? led the way in calling for the introduction of pension dashboards, recognising the potential they bring to significantly improve many people's engagement with their pensions, helping them make informed decisions about their retirement choices. The original government consultation on the dashboard relied extensively on our report of 2018. During the Commons Stages of the bill, we achieved an almost clean sweep of wins on the amendments we took a stance on, with six of the seven amendments we supported or opposed going in our favour, and one being withdrawn. Throughout the extensive debate in Parliament, Pensions Minister Guy Opperman a number of times described us as "the number one consumer organisation in the country", demonstrating our reputation with the government on pensions.

### How will this help consumers?

Pension dashboards will now be a regulated activity, protecting consumers from the risks of bad outcomes, whilst giving them the freedom to use the full range of tools available to them through the dashboard. This will allow consumers to stay in control of their pension, both now and as they prepare for the future. Our work with the government to achieve this will give consumers greater choice on their retirement.

## Buy Now, Pay Later

Buy now, pay later (BNPL) credit is an innovative form of consumer borrowing that places the costs of credit on the retailer, allowing consumers to pay after a short delay, or in installments, at no extra costs. However, it is not regulated by the Financial Conduct Authority (FCA) and BNPL is not risk free, with those missing repayments incurring penalties, being charged late fees and seeing their credit ratings


damaged. We published a policy report, Under Pressure: Who Uses BNPL, including extensive in-depth research profiling of typical users of buy now, pay later providers such as Klarna, Clearpay and Laybuy. Which?'s new research shows that the typical BNPL user has characteristics that contribute to consumer vulnerability: they are more likely to have experienced a major life event or to have defaulted on another form of credit/household bill in the last twelve months than non-BNPL users. The report strengthened the case for greater regulation to ensure consumers are aware of the risks of buy now, pay later providers – namely that they could fall into debt and if they do, firms may take action.

## Cash Summit

- We held our Cash Summit, a virtual event to which we invited major figures from the payments industry. The event featured speeches from the Financial Conduct Authority and HM Treasury and panels with major banks, digital payment companies and the Bank of England.

- When the government published its consultation on cash legislation, it included proposals to make the Financial Conduct Authority the single regulator for the cash system – which was our main policy ask. Additionally, it outlines plans for geographic access requirements to be flexible and to deliver a range of solutions to ensure people can withdraw cash.

## Looking ahead

We will continue our work on pensions, cash, BNPL as well as our work on Authorised Push Payment (APP) scams to ensure the right mandatory protections are put in place to make sure that banks reimburse victims when they are not at fault.

# Increasing the relevance of our expert advice and content

Our expert reviews and advice are two of the ways we deliver our purpose, and the revenue for our paid-for content helps to fund the charitable work we do on behalf of all UK consumers. This year we've expanded our expert product reviews and endorsements to ensure we're keeping up with consumer trends and demands.

### How we reacted to changing consumer habits

With people stuck at home during the numerous lockdowns, we saw a shift in shopping habits, what products proved most popular and so we responded to provide relevant and timely information.

## Responding more quickly to consumer trends

### a Q&A with Matt Knight, Principal Researcher

We've introduced a team dedicated to responding to consumer trends and providing quick research and reviews, while still maintaining Which?'s robust standards. Principal Researcher Matt Knight explains more.

### How are these reviews different to any other Which? reviews?

By making use of a small team of in-house researchers, we can review the latest products and services in a matter of days and weeks, rather than months.

### Won't this mean these reviews aren't at the same standard as lab-tested products?

Lab testing isn't appropriate for all products. For example it often isn't worth the time and expense to test less-expensive everyday items such as salt and pepper grinders, or garden hoses, in a lab. With our new team we can cover these items quickly, robustly and cost-effectively, and commit to doing more of them.

### What products are you including in these reviews?

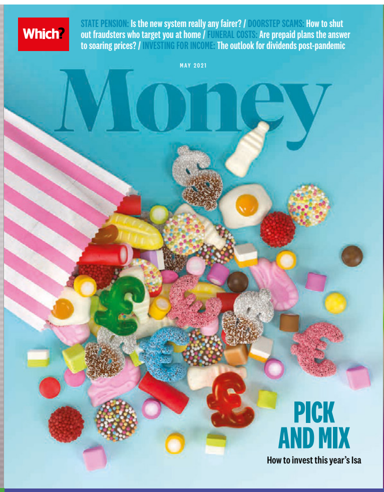
Since committing to a selection of products to undergo our rapid testing, we have introduced **47** new product areas and have generated **1.3 million** page views across that content on the Which? website. Some highlights that have been particularly well-received include; garden hoses, solar lights, frying pans, bike lights and much more.

- We added **41** new categories of gardening recommendations to the Which? website and the Which? Facebook gardening group swelled to **11,600** members.
- Our health content reached an audience of more than **six million** (2019/20: 1.5m).
- Our travel content reached more than **seven million** people, up from one million in 2018/19.
- Our first Black Friday working from home was a resounding success, with organic sessions on our website up **406%** from last year.

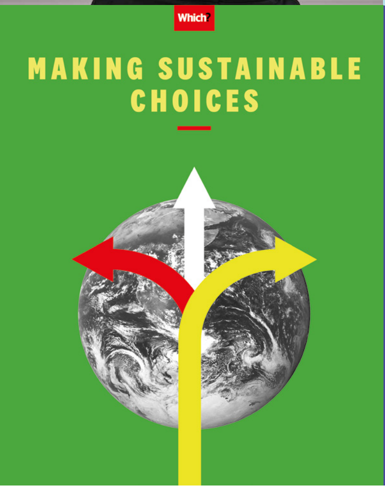
### Sustainability content proves popular

This year, we have rolled out new sustainability-focused content, both through our member-only articles but also more widely to our visitors through our website and free newsletters and social media. Our online sustainability stories have seen nearly one million views since November 2020, and our sustainability newsletter has gone from strength to strength. We've seen there is appetite for this type of content, and that Which? is perfectly placed to provide information and advice to support more sustainable consumer choices. We also created an interactive digital supplement, 'Making sustainable choices' giving handy tips on how to live more sustainably – from eating less meat to reducing plastic waste.

We trialled our new podcast, Which? Investigates, in May with the first season focusing on sustainability issues. So far, the episodes have been listened to 14,000 times, reaching number one in Apple UK's documentary podcast chart and receiving excellent feedback.




- More than **85%** of readers of our *Travel* magazine say they are likely to continue their subscription next year, reflecting the expert advice we've given during a year of travel uncertainty.

*"I have been a member of the Consumers' Association (Which?) since issue number two of the magazine and have every intention of remaining a member. I am a widower aged 96 looking after myself at home; I look forward to each issue with pleasurable anticipation."*


## New Eco Buys

While Which? Best Buy endorsements have always considered a product's durability and effectiveness, the need to highlight products that are kinder to the environment has become more important than ever to UK consumers. Which? research found more than half of consumers now consider sustainability when buying home appliances. We launched our new Eco Buy that assesses the repairability, longevity and energy efficiency of products. We launched the endorsement in November 2020 and have gradually added to the product categories to bring the total awarded an Eco Buy to more than 60, with a view to continued expansion.

- **85%** of readers found our 'Making sustainable choices' supplement useful and **82%** agreed the supplement increased their awareness of our commitments to sustainability.

- We've welcomed guest writers on to Which? Conversation from various sustainability-focused organisations, such as the Energy Savings Trust, Citizen's Advice and Nesta, on a range of topics.

## Diversity in our content

As part of our commitments to diversity and inclusion (read more on page 36) we have reviewed our content and channels to ensure better representation and we're also developing ways to support editorial teams to make sure investigations and other articles represent the experiences of all minority groups.

We have a new repository of diverse stock imagery, and are ensuring the language we use is fully inclusive. We have reviewed all 133 of our product content areas to see if we can make them more relevant to consumers of diverse ethnicities, including the selection of products, the tests we perform and the content that we produce. This has identified a number of opportunities for improvement, which are now being rolled out.

## Looking ahead

We will continue to review our content, products and services to ensure these appeal to the breadth and diversity of UK consumers. As we look to encourage people from more diverse socio-economic backgrounds to join Which?, we will build upon our free newsletters to supporters, which help to highlight the work that Which? does across a greater spread of audiences, as well as look to different channels such as podcasts and social media to find those who may not consume the typical media we would target.

We will increase the number of product categories in our Eco Buy endorsement and also visibility of our sustainability advice, including through increased video and social media content, in an effort to bring awareness of our sustainability work to new audiences.

# The services we provide

## Evolving our subscription model

Despite the uncertainty brought about by the pandemic, Which? has continued to be brave in making changes to our membership model to ensure our long-term success. While successful at driving high volumes of new members, our previous membership offering – which was in place for 10 years – saw very high cancellation rates in the first year. Over the past five years new membership volumes have been unable to offset the underlying cancellation rates, so our paid membership has been in decline.

As part of our three-year strategy to drive growth, we have transformed our offering to deliver value over volume. In September 2020, we successfully launched our new membership model – for the first time offering a choice of memberships, including a more affordable digital package and the re-introduction of annual payment options. So far, the numbers are looking very positive, with the retention of members who have joined through the new membership packages at an all-time high, and we have seen a **50%** reduction in monthly cancellation rates in 2020/21: 2.64% (2019/20: 5.30%). This also helps us have more impact for consumers and supports our ambition to help a larger and more diverse range of consumers going forward.

## Endorsements

Our endorsements not only help us drive revenue for Which? that helps us fund our vital work for consumers, it also gives us an opportunity to celebrate the best products and services, and through our Don't Buys to hold offenders to account. The challenges faced last year, such as businesses reducing their spend on marketing, continued into this year as part of the ongoing impact of Covid-19.

## Did you know?

We have recruited **20** members to get early access to the new Which? app, to collect feedback from members and ensure it's fit for purpose at each step of product development. We're planning to have a permanent group of testers once we have launched the app publicly, to continue collecting feedback for new features we may want to try out in the future.

## Retailer growth

We include links to retailers on our reviews to make the member buying journey easier; we call these 'affiliate links'. Over the last year we have managed to directly integrate **13** retailers into our price engine, increasing our product coverage to **61%** in those areas where we can provide links.

This provides a smoother journey for consumers by helping them to complete their purchases via our website, as well as delivering more revenue for Which?. Our independence and impartiality is at the very heart of the Which? ethos and no link with any third party – whatever form that may take – will ever affect our thorough and objective approach to what we do.

We have increased the revenue contribution from affiliates from **£0.5m** in 2019/20 to around **£1.05m** in 2020/21.

Our income has remained steady at £5.77m in licence sales in 2020/21 (2019/20: £5.79m). However, we have expanded the range of products and services eligible for a Which? Best Buy endorsement, and added two endorsement categories through our Eco Buys and Cheapest Supermarkets, so we feel this puts us in a good position for the future.

Which?
Cheapest Basket
Month 2021

## New service

We launched a new mobile phone contract comparison service, Which? Switch, which delivers around 200 switches a month – and provides a useful new service for our members.

## Trusted Traders

We have had another good year in Which? Trusted Traders, holding trader retention strong at 85% as well as meeting our revenue and profit targets. We have also had success this year in strengthening our partnership channel with the aim of increasing the reach of Trusted Traders and helping reduce consumer detriment in the home improvement sector.

## Advice services

Tech, Legal and Money services have played a critical role in advising members on issues that have been drawn into sharp focus through the year, for example, advising those who are less tech-savvy on how to set up a video call. In fact, our Tech Support teams took **21,535** calls and received **7,238** emails.

## Looking ahead

With the changes we've made to our membership offering and as we look to broaden our appeal to new audiences – which includes a drive to encourage more sign-ups from a more diverse consumer base – we expect to see a growth in membership. This will be supported by our new digital proposition to improve the member experience of our content.

## Evolving Which? systems

Our three-year vision includes our commitment to transform systems that manage relationships with members and audiences. Which? will be able to use these systems to enhance the way in which members experience our content. For example, we will be able to directly share specific relevant offers and products to those who are most likely to need them and when they are most likely to need them, based upon their interactions with us and the activities of similar customers. This means Which? can deliver a member- and customer-led experience.

A key phase of the digital transformation includes delivering a new customer database and payment management system. It will also include self-service capabilities, enabling members to update their details or subscription online as well as over the phone.

We have faced some challenges in meeting our schedule and objectives on this important project. While we have delivered some aspects, we have not made as much progress as we had planned, including migrating the organisation to a single-customer management system. We are redoubling our efforts in this area and we are confident that we are now making important progress and will start to see the benefits across the organisation in the year ahead.

## Evolving the Which? app

We've been working on a complete rebuild and redesign of the current Which? app. We're updating the app to ensure it is modern and slick and joins the dots on the whole Which? experience in the 2021/22 year.

# Reserves, risk and compliance

## Reserves policy

The Council of Trustees' policy is to annually review the Group's reserve levels to ensure they are sufficient:

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

All our reserves are unrestricted, with no material amounts designated for specific purposes in future years. The Council of Trustees anticipates that reserves might be used to fund the Group objectives and the commercial business. Where reserves are used to fund the commercial business, this is expected to benefit the charity's funding in the medium to long term and also contribute to making consumers' lives simpler, fairer and safer.

## Group balance sheet and reserves

Total Group reserves increased by **£7.3m** to **£59.7m** at June 2021, reflecting **£4.9m** of net incoming resources from trading activities (after accounting for **£23.5m** of expenditure on our charitable activities). Key points to note from the balance sheet include:

The **£1.2m** increase in intangible assets reflects our continual investment to improve our digital platforms after taking into consideration depreciation.

Year-on-year decrease of **£1.6m** in tangible assets largely reflects the depreciation of our Marylebone Road long-leasehold premises and fixtures, fittings and equipment across our sites. A proportion of the property of Marylebone Road has been reclassified as an investment property as we leased the ground floor to a third party during the year.

The investment fund increased by **£5.2m** during the year, with the contributing factor largely being an increase in unrealised gains due to the recovery of the market.

All cash balances were held with Barclays, and this year we additionally placed **£2m** in a Barclays green deposit account.

- Creditors due after more than one year fell by **£1.3m** due to the continued repayment of the mortgage balance on Marylebone Road.

- The defined benefit pension liability is recognised at **£9.6m** (2019/20: **£9.9m**). Cash contributions of **£2.2m** improved the deficit and limited the loss in the year.

## Taxation

In the year, Which? Limited made £17.5m (2019/20: £4m) of gift aid contributions to the Consumers' Association. As the Consumers' Association is a registered charity, no corporation tax was payable on its net outgoing resources.

## Pension schemes

During 2020/21 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 and in March 2019 was closed to future accruals. At 30 June 2021, the hybrid scheme, valued under the FRS 102 accounting basis, had a £9.6m liability (£9.9m liability in 2019/20). During the previous financial 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). The company and the pension trustees are finalising the position on the next triennial valuation, as at 31 March 2021.

## Risk management

Which? recognises the value of successful management of risk as a key driver in the delivery of our strategy and objectives as we seek to manage downside risks and assess opportunities to continually improve how we champion UK consumers.

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. During the year, we have enhanced our risk framework through the agreement of a set of risk appetite statements which are designed to support effective decision making. The Council of Trustees has overall responsibility for ensuring the effective management of risk within the Group, and approves the Group's risk appetite statements, risk framework and risk management strategy, in addition to receiving regular reports on principal risks and how they are evaluated and monitored. The Group Audit and Risk Committee, a joint committee of the Council of Trustees and the Board, in addition to other responsibilities described on page 31, is responsible for providing oversight of the risk management framework, monitoring its effectiveness and the Group's review of the risks. The Group Audit and Risk Committee has at least one member with recent and relevant financial experience.

The Group maintains risk registers which identify and evaluate the likelihood of occurrence and the impact of significant, financial, operational, compliance, external and strategic risks.
The Leadership Team is responsible for the day-to-day management of key risks and ensuring effective mitigation is in place. With the support of Group Risk they regularly review the principal risks facing the Group. Group Risk continues to work with teams across the organisation to further embed and strengthen our risk management arrangements, to ensure they are operating effectively and provide relevant and timely reporting to the Council of Trustees, the Group Audit and Risk Committee and subsidiary boards.

As at the end of 2020/21, the principal risks – those considered material to the achievement of our strategy or future prospects – were identified as outlined below. The Council of Trustees has given consideration to these risks and has satisfied themselves that they are being managed appropriately.

## Third-party relationships

Again, the Council of Trustees continued to adopt 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: **www.which.co.uk/about-which**

## 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, we continue to review our internal policies and supplier arrangements to ensure ongoing compliance to the UK Modern Slavery Act. Our anti-slavery statement can be viewed on our website: **https://www.which.co.uk/about-which/company-info/which-anti-slavery-statement**.

## Technology and innovation

Our ability to offer relevant and accessible advice to consumers is contingent on the delivery of benefits from new technologies, adapting our ways of working, and our approach to innovation. We are working to transform our digital resources and have found this more challenging than expected. We remain focused on recruitment and retention of the right skills and capabilities to deliver these changes, and manage key supplier relationships. We are also mindful of the external risks, including cyber threat, and continue to invest to ensure that our systems and data are adequately protected against misuse.

## Organisational resilience

The impact of Covid-19 on businesses and consumers has been unprecedented. Our business continuity plan has helped us continue to respond promptly to changes in the environment to ensure the continuity of operations and to provide relevant support and advice to consumers through the Coronavirus Hub. We have also been listening and responding to the needs of our colleagues, prioritising their wellbeing and offering greater flexibility, proposing changes to our total reward offer to seek to increase alignment to our strategy.

## Political and cultural shifts

It has been a year of change. A large part of the UK government is focused on dealing with the implementation of the Brexit deal and prioritising economic recovery after multiple UK lockdowns, while consumer behaviours are changing in response to significant cultural shifts. We actively monitor such developments, political appetite, and bandwidth to support policy interventions and we continue to seek opportunities to address consumer harm. We have embedded diversity and inclusion and sustainability into our strategy.

## Living our values

Maintaining our independence and being true to our values in all that we do are really important to us. We continually need to ensure that our own customer offerings put consumers first and do not give rise to corporate hypocrisy. We seek to understand and remediate operational weaknesses and continually review our offerings to iterate and improve the consumer experience.

## Financial sustainability

Our financial model relies on us growing and diversifying our consumer audience, improving the proportion of website visitors who pay for a subscription, and diversifying our revenue streams. This requires continued focus on our proposition, price and user experience. It is also in part dependent on planned technology changes and ensuring our cost base is proportional to our income. We monitor the Group's performance and invest in key initiatives such as launching tiered membership and setting up cross-functional teams to improve our consumer offering to ensure we are putting our resources to best effect. Our three-year plan focuses on generating sufficient funds to reinvest in the Group to enable the charity to deliver for beneficiaries.

# How we are run

## The charity

The Consumers' Association is the parent of the Which? Group. It is established as a company limited by guarantee (no. 00580128) and a registered charity (no. 296072). The Consumers' Association is governed by its Council of Trustees and wholly owns the trading company Which? Limited.

## The commercial subsidiary

Which? Limited is a registered company (no. 00677665) and generates the income for the Group to enable it to provide its many products and services to, and deliver impact for and with, UK consumers.

The Which? Limited Board (the Board) sets and oversees the commercial direction of Which? Limited within the context of the Group strategy, vision and values, with the aim of delivering a long-term sustainable financial return for the charity. The Board, which is appointed by the Consumers' Association, is chaired by Judy Gibbons and consists of four other independent non-executive directors and Anabel, our CEO.

Which? Limited owns a small financial services company, Which? Financial Services Limited (no. 07239342), regulated by the Financial Conduct Authority, and Which? Legal Limited (no. 08109992), which remains dormant.

## Principal Governance Committees of the Consumers' Association

**The Trustees determine the exact remit of each committee and their membership**

| Remuneration Committee | Nominations Committee |
|---|---|
| Makes recommendations to the Council of Trustees and decisions on remuneration of the Group CEO and other Group senior executives, as well as the overall pay policy. | Responsible for succession planning for the Council of Trustees, the Which? Limited Board and Group CEO. |

*"Our job is to help Anabel [the CEO] and her team be at their best – by offering challenge, but also support, and keeping absolute focus on the Consumers' Association charitable mission. Like all good boards, we're at our strongest when we can bring diverse opinions and views."* **Christopher Woolard, Trustee**

### The role of the Council of Trustees and where it focuses its time

The Council of Trustees sets the strategy for the Group to enable the charity to deliver its charitable purposes; provides scrutiny, support and stretch to the Which? Limited Board and the Leadership Team to drive progress and deliver impact; and stewards the charity to make best use of its resources, protecting and conserving its assets for consumers tomorrow as well as today.

The Council of Trustees aims to focus its time in five key areas: strategy to deliver our purpose, operational performance, financial performance, risk, and governance (including culture and stakeholder matters), balancing the time spent on each.

### *This year the Council of Trustees has:*

- monitored delivery of our audience-led commercial strategy approved in the last financial year;
- approved the new simplified vision and three-year plan, which is explained on page 8;
- approved new decision-making frameworks, which support our purpose, strategy and vision;
- continued to hold focused and challenging regular operational and performance review conversations, thanks to enhanced reporting from the Leadership Team; and
- provided oversight and support for the CEO and the Leadership Team in managing the organisation through the ongoing Covid-19 pandemic and its envisaged future hybrid working model.

| Investment Committee | Group Audit & Risk Committee | Policy & Advocacy | Member Governance Committee |
|---|---|---|---|
| Makes recommendations on the investment strategy and monitors investment performance. | Responsible for monitoring the integrity of financial statements, overseeing external auditor relationship and reviewing the adequacy and effectiveness of the Group's risk management arrangements. | Provides advice, support and challenge to the Leadership Team in the development and delivery of the organisation's strategy for influencing businesses and policy makers to address consumer harm and provides assurance to the Council of Trustees on activities and impacts delivered. | Provides a forum for considering governance issues and formal proposals raised by ordinary members. |

## Our Trustees and changes in year

The Council of Trustees consisted of 15 Trustees at 30 June 2021. Their names are on page 60 together with a record of their attendance at meetings during the year.

Following members' approval of our new Trustee appointment process in 2019, all Trustees now stand for re-appointment by members every three years and may serve up to a maximum of nine years, although they may be appointed for longer than that in exceptional circumstances. New Trustees are initially appointed by the Council of Trustees and, within a year, their appointment is approved by members. The process was implemented for the first time last year and continues to help us build a Council of Trustees with the diversity of thinking, background and expertise that the organisation needs.

In December 2020 the Council of Trustees appointed Christopher Woolard, who brings depth and breadth of experience in policy and regulation to the Council of Trustees through senior roles held with the Financial Conduct Authority, Ofcom, the BBC and in the Civil Service. Christopher's appointment will be submitted for members' approval at the 2021 AGM.

Four Trustees have also been put forward for re-appointment by the members, each having reached the end of a three-year term: Shirley Bailey-Wood, Christine Forde, Donald Grant and David Woodward; all have served six years or fewer on the Council of Trustees.

## Committees

The Council of Trustees is supported in its work by a number of specialist committees, sub-groups and working groups. This approach ensures that Trustees have sufficient oversight of key issues for the charity and that the Council of Trustees as a whole receives the assurance it needs to support its decision-making. A list of our formal committees and each of the members of them are set out on page 60, while the table above summarises their responsibilities.

## Day-to-day

The chief executive, Anabel Hoult, implements the Group strategy as developed and agreed by the Council of Trustees and the Board, and looks after the day-to-day running of the Which? Group, with support from the Leadership Team and from over 680 staff based in Cardiff, London, Capel Manor Gardens and at home.

Neither Anabel nor any member of her Leadership Team are Trustees.

## Improving our governance and application of the charity governance code

As a charity, we aim to apply the high standards set by the Charity Governance Code. This means we adopt an 'apply or explain' approach to the Code. The Trustees are satisfied that the charity applies the seven principles in the Code.

The Council of Trustees supports a culture of continuous improvement and aims to continue to strengthen its governance, in line with the Code's recommendations as well as with the aims and recommendations of the 2019 Governance Review.

Our work during the year included continuing to ensure we provide new Trustees and directors with an excellent induction programme, to quickly give them a clear understanding of the organisation. In year, we have supplemented this with formal and informal training and workshops, available to all Trustees, on Trustee duties and charitable spend, our digital transformation, Which?'s legal powers, our finances and the organisation's new reward approach.

We have also completed a comprehensive review of the Council of Trustees' committee structure and of the role, remit and membership of each committee in the context of our new three-year plan. Together with new delegated authorities, this clarifies the responsibilities and the accountabilities of Trustees, non-executive directors and the CEO and enables sharper focus on the areas of greatest risk.

We continue to build on our work to ensure that the Council of Trustees can provide expert and effective oversight of the organisation and is representative of the diversity of UK consumers. This includes the appointment, in August 2020, of two independent members of our Nominations Committee: Elizabeth Oni-Iyiola and Michelle Rajkumar-Clifford. They joined us with a remit to help us assure the fairness and robustness of our Trustee appointment process and to further develop diversity and inclusion.

In their first annual report to the Council of Trustees this year, the independent members confirmed that the search process and appointment for new Trustees and non-executive directors in 2020/21 was conducted on a fair, transparent and inclusive basis and was coupled with an increased focus on attracting a wider, qualified and diverse set of candidates. It also includes recommendations for how we can improve our diversity pipelines.

The Group's work to strengthen our commitments to diversity and inclusion across the organisation is explained on page 36. In 2020, we asked our Trustees, Which? Limited non-executive directors and independent committee members questions about diversity of background and perspectives and compared their responses with UK national averages. Our survey identified that key areas for us to improve diversity were age, disability, Asian background and social mobility.

Efforts to improve diversity and inclusion are supported by organisation-wide people initiatives, such as unconscious bias training and reverse mentoring. You can find out more about the 2019 Governance Review on our website: **www.which.co.uk/about-which**

*"Surprised at how incredibly organised and thorough you are ... Never had an induction like the one that Which? has given me."*

**Anna Bateson, Which? Limited Non-Executive Director**

## Effectiveness assessments

The Council of Trustees expects to undergo an external review of its effectiveness every three years. The triennial reviews are supplemented by lighter-touch internal reviews in intervening years based on a Trustee appraisal, including input from chairs, committees and the Leadership Team and a skills and experience audit. As the Governance Review was completed in 2019, the next external review is due in 2022.

The Board and Council of Trustees receive regular updates from the Chief Executive, the Leadership Team and the Policy and Advocacy Committee on key stakeholder relations and engagement activities and current issues. They also receive relevant feedback obtained from our interaction with stakeholders and ensure that our purpose, mission and values play a fundamental role in the way that we deliver our strategic goals and operate day-to-day.

## Engaging with our Stakeholders and Section 172 of the Companies Act 2006

The Council of Trustees has a duty to promote the success of the Consumers' Association for the benefit of UK consumers. That success depends on our ability to engage effectively with our stakeholders and to take their views into account. When making decisions, the Council of Trustees has regard to:
• likely consequences of any decisions in the long term;
• the interests of our people; and
• the need to foster our relationships with third-party stakeholders. For Which? this includes UK consumers, policy makers and businesses that sell goods and services to UK consumers, our suppliers and customers, and others;
• the impact of our operations on the community and environment;
• the desirability of maintaining our reputation for high standards of business conduct; and
• the need to act fairly as between members of the Consumers' Association.

## Consumers and members

UK consumers are our beneficiaries and we're here to tackle consumer harm by making life simpler, fairer and safer for them. It's our members who fund the vital work we do for UK consumers. Most of our income comes from subscriptions – we receive no money from government, public donations, or other fundraising income. Members receive access to dedicated content and advice, and also have the opportunity to get more involved in the organisation by becoming ordinary members, which gives them more say in how we're run – by taking part in our Annual General Meeting (AGM), at which they take high-level decisions relating to our governance.

### *How we engage with them*

We aim to understand the landscape of current and emerging consumer issues better than anyone else, to be relevant to consumers and a part of their daily lives. Across the organisation we undertake quantitative and qualitative research with consumers and members, listen to member stories received via our website and helplines, and speak to users of our website to help craft the best digital experience for them. This year we looked at ways in which Which? Conversation could be changed to improve engagement and regular participation, including higher input from Which? staff and experts on site, and specific events to provide consumers with useful information and advice. We introduced two new pilots: a new Facebook travel group where members can engage with Which? and with each other, and a Have Your Say email programme. We have also introduced a Put to Rights column where we help someone with a specific consumer problem.

A significant part of the quantitative feedback is gathered through Which? Connect, a research panel of more than 38,000 members who, through surveys and focus groups, feed directly into our work – from the magazine articles we write to our national campaigns. Pages 14 and 15 show just some of the positive outcomes we achieved for and with UK consumers in our four strategic impact areas during 2020–21. Consumer research and member feedback has informed recent decisions by the Council of Trustees, resulting in the provision of content available to all in front of the paywall with the aim of increasing our membership and helping a larger and more diverse range of consumers, and the provision of a new tiered membership system with a cheaper digital option, introductory discount and annual payment options.

Every year at the AGM the Council of Trustees updates ordinary members on how we are achieving our charitable purpose and how we are performing financially.

We completed a review of the Member Governance Committee during the year and concluded that it is not fulfilling what it needs to, so we are now looking into new and better ways for members' and consumers' voices to be heard at our meetings.

## Businesses

We engage with and influence businesses to deliver public benefit through tackling consumer harm, holding businesses to account and recognising high standards. We also engage businesses in our advocacy work, for example our work on connectivity, scams, sustainability and data. Our engagement helps to uncover harm, inform our policy, influence business practice, and identify opportunities for collaboration and the co-creation of solutions that deliver better outcomes for consumers. As a responsible organisation, we also consider the impact of our decisions on our suppliers, endorsement holders, traders and retail partners.

### *How we engage with them*

Through our policy and campaigning work, our product testing and the Group's endorsement schemes (including Which? Trusted Traders) and investigative journalism, we engage and influence businesses to help them to stand out from the crowd and to deliver higher standards for consumers, helping good businesses to thrive and holding bad ones to account. You can read more about just some of the businesses we've engaged with on page 22.

Throughout the last financial year, we have continued to pay our suppliers well within our agreed terms of 30 days and have not experienced any significant delays internally as a result of the pandemic. We reviewed our processes following the change to working remotely to ensure that we were able to continue paying our suppliers on time while also ensuring that robust controls remained in place to mitigate against the increased risk of fraud. We've also enhanced our processes and improved engagement to ensure greater alignment between us and key suppliers, with more regular check-ins and reviews.

## Policymakers

We engage with policymakers in order to deliver our purpose and mission. Not only do we need to influence policymakers, including regulators, we are also accountable to the Charity Commission and the Financial Conduct Authority (FCA) as bodies that regulate the Group.

### *How we engage with them*

Which? works closely with politicians, civil servants, regulators and other experts and organisations to build better policy by providing robust evidence, insight and expert knowledge, focusing on delivering the right outcomes for consumers. You can see how we have had a positive impact on policies across our strategic impact areas on pages 14–15. During the year, the Policy & Advocacy Committee was established and has looked at the impact being delivered through our engagement with policymakers and has also reviewed impact priorities. The Council of Trustees receives regular reports on this engagement along with recommendations. We often invite our Trustees to our external events, for example our cash summit.

We engage with the Charity Commission and the FCA when relevant matters arise and have regard to their guidance in the running of the organisation.

## Our people

Which? colleagues are responsible for delivering the overall strategy set by the Trustees, are the face of Which?, and work hard on the day-to-day tasks needed to keep the organisation running effectively. You can read more about our people on page 35.

### *How we engage with them*

We engage with colleagues, or their representatives, through regular communications, including through the Which? Intranet, regular email updates from the Leadership Team, team and Group meetings, and social channels, such as Slack. We also use Group and team meetings along with Intranet content and email to promote a common awareness on the part of all employees of the financial, economic and other factors affecting Which?'s performance. In this way, we also ensure that employees are informed about matters that concern them.

We consult with them regularly, too, so that we can take their views into account when making decisions that are likely to affect their interests, including through our quarterly employee survey. We ensure to feedback the results of these surveys.

A number of employee groups provide a dialogue between the Trustees, Leadership Team and staff. Feedback from such groups has been influential in our work around diversity and inclusion and has informed decisions such as creating our new reward principles. The Council of Trustees receives regular reports on and considers engagement with our people, from employee survey outcomes to decisions such as that to close our Bristol office. You can find out more about how we engage with our people on page 35.

## Our wider community and the environment

You can read more around our current and future sustainability and diversity and inclusion achievements and commitments on page 36, including our new Which? Investigates podcasts and our roundtables on sustainability.

We also partner with and contribute funding to a number of other organisations to amplify our work – notably International Consumer Research and Testing Limited, Consumers International, the Bureau Européen des Unions de Consommateurs – and we have supported the work of the Research Institute for Disabled Consumers (RIDC) through charitable donations of £75,000 in-year. You can read more about this on page 54. In addition, we also have regard to other factors that we consider relevant to the decision being made. These include the interests of our pensioners, which is a particular focus of our Joint Pensions Working Group of Council Trustees and Pension Trustees.

## Directors' fees and expenses

Council Trustees do not receive any payment for their services. They are reimbursed for travel and accommodation expenses incurred when attending Council and committee meetings and other official events. During 2020/21, claims were made by 0 out of 15 Trustees (2019/20: 9 out of 15) totalling £nil (2019/20: £8,053). This is because all meetings were held virtually this year. As we move back to more in-person meetings we expect this will go up in 2021/22. Insurance costs for the year to protect Council of Trustees members against liabilities arising from their office totalled £7,000 (2019/20: £12,728). 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 £91,458 (2019/20: £92,916). In Which? Financial Services Limited, which operates within a regulated environment, the total remuneration was £20,000 (2019/20: £51,917).

# Our employees

Colleague wellbeing has been a key concern over the last year as the weight of consistent home working, lack of in-person interaction and general anxieties regarding physical and mental health were felt. We have continued to listen to and learn from our colleagues and provide support through a number of wellbeing and development initiatives.

## Hybrid working and the future of the Which? offices

Our colleagues have faced their first full year of remote working and we've also onboarded more than 150 new starters remotely. We have continued to listen to and learn from our employees and provide support through a number of wellbeing and development initiatives. We're planning a move to hybrid working later in the year (subject to any changes in government advice) and will be approaching this on a test and learn basis as we reopen our offices.

One certainty will be the need for less office space, and so we made the difficult decision to close our Bristol office, as well as lease out the ground floor of our London office. Colleagues at Bristol will be relocated to our existing Cardiff location for the days they are in the office.

## Development

We haven't lost sight of colleague development as we worked from home and continue to encourage people to own and grow their careers with a number of support measures. In 2020/21, we supported 88 colleagues to obtain professional qualifications and attend external professional development programmes and have increased engagement with LinkedIn Learning, and in the year 369 colleagues viewed 740 hours of learning. We have also focused on upskilling leaders and managers to support colleagues with disabilities and mental health issues.

## Engagement

Our quarterly engagement survey has been particularly important as colleagues have spent over a year away from the office, their managers and their colleagues. We've seen improvements in some areas but also dips in others, as the benefits and challenges of a full year of home-working and our closure of the Bristol office are realised.

We've seen positive scores from colleagues valuing the flexibility that working from home can bring and how it affects work-life balance. We've worked hard to ensure that despite working remotely, all colleagues understand the purpose of Which? and can connect to it, and ensure that everyone understands the role they can play – this has been reflected in the improvements to the relevant engagement scores.

## Colleague wellbeing

The mental and physical wellbeing of all employees has been paramount as homeworking continued through 2020/21. We gave all colleagues an extra day off in November and in June to use as a 'self-care day', which saw almost the entire organisation closed. We ensured the support Which? offers, such as free external counselling, has been visible and regularly promoted through our weekly 'Wellbeing Wednesdays' event.

## Values


### A great place to work

It's important to Which? that current and prospective employees see Which? as a great place to work. This means we have the pick of the best and brightest to join our teams. In May 2021 we were named as a winner in the Public Relations and Communications Association Workplace Champion awards, which recognises teams that go the extra mile to establish positive and inclusive working environments for colleagues.

Internally, we look to recognise colleagues who go above and beyond or demonstrate they share Which?'s values. At the end of the year we give out a Values Sharer of the Year award, with the winner receiving a £1,000 contribution towards a learning opportunity of their choice.

*"To be granted the Values Sharer award is an honour and a privilege – being recognised for your character and hard work feels very humbling. It's a great initiative to be able to celebrate those living their values for the the support of others."*

**Conor Bannister,**
**Values Sharer of the Year award winner 2020.**

## A Which?-wide commitment to diversity and inclusion

Becoming a more diverse and inclusive employer has been, and will continue to be, a key part of our agenda. We launched our diversity and inclusion vision internally through our 'Everyone Week' internal campaign and encouraged colleagues to pledge how they're planning to contribute to our vision. Diversity and inclusion is also one of the key themes for content we send to our colleagues. Since launching our internal Let's Talk event series for colleagues we have held events on race in the workplace, disabilities in the workplace, Black History Month, sustainability and LGBT+ allyship.

## Diverse recruitment

We have reviewed our recruitment processes with an external partner and have identified an action-focused plan to ensure our recruitment processes are inclusive. As part of this process, which supports our anti-racism commitments, we have introduced a number of new processes, including advertising our roles across a wide range of job boards, including specialist diversity job boards such Verdica and Stonewall.

We're also pleased to have recruited our first set of four paid apprentices and are currently recruiting more, and we have signed up to the 10,000 Black Interns programme with a commitment to take in our first two apprentices in summer 2022.

## Ensuring diverse voices are heard

In order to ensure we are properly informed in the make-up of our employees, in December 2020 we gathered data from colleagues across the organisation in our 'what makes you, you' survey. This also supported one of our anti-racism commitments. While elective, we saw a 85% response rate, which will be invaluable in ensuring we're representing the voices of all colleagues. A colleague diversity and engagement group used the data gathered to form the basis of two sub-groups, one looking at diversity and the other at inclusion. These groups have since worked to complete our first equal pay audit (more details on page 37).

## Sustainability commitments

We have initiated a number of commitments to sustainability to drive our work in this area, both internally and externally. You can see a number of examples of where we've already been hitting these commitments through the year, and you can read a full breakdown of this on **www.which.co.uk/about-which/who-we-are/6677/sustainability**

We've been partnering with other consumer organisations and sharing expertise. As well as the combined expertise, this also brings the benefits of international government influence to tackle the world's sustainability challenges. We've also been delivering more significant research-based projects and producing a regular flow of sustainability content (read more on page 24).

Internally, we've run materiality assessments of our offices and have already offset the carbon emissions produced by our travel and testing team researchers travelling for business. We've also introduced new electric charging points at our London office and have introduced a network of sustainability champions.

## Anti-racism commitments

In June 2020, we launched our anti-racism commitments as part of our work to make Which? more diverse, inclusive and reflective of UK society and the consumers we represent. Here's a little about how we have worked towards each of these commitments over the last year.

We've been working with an independent consultancy, Global Diversity Practice (GDP), to provide unconscious bias testing to inform training for leaders and managers, as well as other diversity and inclusion workshops. We also extended unconscious bias training to all colleagues. We formed our Diversity and Inclusion Strategic Taskforce, made up of colleagues from across all of our offices who volunteered to help shape our diversity and inclusion people strategy. Colleagues were encouraged to continue the conversation about anti-racism and racial inequality in diversity and inclusion-focused internal social channels.

We've also looked at our product reviews and content to ensure these are more inclusive, you can read more on page 9. With regards to two-way conversation, we have established draft guidance for moderators on Which? Conversation as for what to allow, and what to discourage or remove, and have updated the terms and conditions, and community guidelines to emphasise appropriate behaviour.

## Reward and remuneration at Which?

Our reward policy plays an important role in helping us to attract and retain real talent and to motivate our people, ensuring that Which? can respond to key consumer issues and drive positive impact as the UK's consumer champion. We heard from our employees that our previous reward approach was not well understood and did not support our strategic goals. During this year, we started a multi-year review of reward principles. We launched the new principles process with colleagues, and specific changes to elements of our total reward package are planned to take effect in 2021/22.

### Our new reward principles

We talk openly about reward at Which? so that everyone understands our approach, how it works and what it means for them.

If the organisation has a great year, we want everyone to be able to share in that success and for individuals to feel directly their individual contribution towards that. Individual capability and demonstration of living our values and behaviours will be at the heart of salary progression. We actively involve our people to inform and develop our approach to reward so that it resonates with everyone and strengthens employees' connection with Which?.

### How is pay decided?

We externally benchmark all remuneration, mindful that we are a not-for-profit Group, owned by a charity and that our funding model is very different from many other charities. That's because we generate all our revenue through our commercial subsidiaries, not through donations or grants. This also means we compete for talent in both the commercial sector and charity sector, and that our CEO and senior leaders receive both fixed-base salary and variable pay as part of their benchmarked total reward package. The variable pay element is capped at a maximum of 50% of basic salary for the CEO and 30% for Leadership Team members. It is calculated depending on performance over the year, with performance criteria set at the start of the financial year and achievement assessed by the Remuneration Committee.

### Gender pay gap

Our gender pay gap outlines the difference in pay between men and women at the snapshot date of 5 April 2020. Our mean hourly pay gap for the Group, which includes Consumers' Association and Which? Limited employees was 2.23%. This was a decrease of 0.8% versus the reported gap from April 2019. This gap is driven mainly by the higher proportion of male versus female employees in traditionally higher-paying male-dominated sectors such as Technology and Commercial. Our bonus gap also decreased to 21.23%. This can be attributed to two main factors:

- A number of our male key employees did not receive a bonus payment in the reporting period as this related to the previous financial year when they were not in role.
- For the reporting period there were a higher number of females vs males that received either a sales incentive payment or a personal bonus payment.

We are expecting our pay gap figures to increase in the next reporting period as a higher number of male key employees will be eligible for a bonus payment within the reporting period, however we expect this figure to remain well below the national average.

## Key employees

Our key employees are defined as employees from our Leadership Team – the CEO and her direct reports. The total remuneration for our key employees was £2.22m as noted on page 51. This is an increase of 7.8% year-on-year. This increase was expected as we had a number of vacant roles within our Leadership Team for the 2019/20 financial year. While all those vacancies have now been filled, not everyone was in role for the full 12 months of 2020/21, in particular we have had changes to both our Chief Financial Officer and Chief Technology Officer. This means we expect total remuneration for key employees to increase in the coming year as we expect all key employees will have been in role for a full financial year.

Our highest-paid employee is our CEO:

| Component | Amount 2020/21 | Amount 2019/20 |
|---|---|---|
| Basic salary | £250,000 | £250,000 |
| Car allowance | £10,000 | £10,000 |
| Pension allowance | £27,857 | £35,357 |
| Variable pay | £86,146 | £103,068 |
| **Total** | **£374,003** | **£398,425** |

Anabel joined the organisation in October 2018 and since that time there has been no change made to her remuneration package.

### CEO pay ratio

Below you will find the CEO pay ratio. This is the ratio of the CEO, our highest-paid employee when compared against the employees that represent the 25th, median and 75th percentile.

| Year | Method | 25 percentile ratio | Median ratio | 75 percentile ratio |
|---|---|---|---|---|
| 2020/21 | Option A | 6 | 9 | 12 |

This calculation has used method A in line with the government recommendation. We have included any employee who has worked for at least one month during the calendar year to ensure an accurate full-time equivalent pay can be calculated. To ensure a like for like comparison we have calculated the full-time equivalent for any of the following:

- Employees who work part-time
- Employees who did not work the full 12-month period
- Employees who received reduced pay for any reason during the year. This would include maternity pay, shared parental pay or statutory sick pay.

All forms of pay and benefits have been included in the calculation of the pay ratio, but we have excluded any payments that do not relate to roles being performed. This includes payments made for first aid and fire marshall responsibilities or payments that related to compensation for loss of office.

Our reported figure is significantly less than the average median ratio of the FTSE 350, which is 53:1.

# Council of Trustees Responsibility Statement

The Council of Trustees 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 the Council of Trustees to prepare financial statements for each accounting period. Under that law, the Council of Trustees 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, the Council of Trustees must not approve the financial statements unless it is satisfied that they give a true and fair view of both the Consumers' Association 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, the Council of Trustees 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.

The Council of Trustees is responsible for ensuring adequate accounting records are kept that are sufficient to show and explain the organisation's transactions and disclose with reasonable accuracy at any time the financial position of Consumers' Association 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 Consumers' Association and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Council of Trustees 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

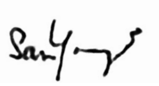
After making enquiries the Council of Trustees has reasonable expectation that the Group has sufficient resources to continue in operational existence for at least 12 months from the date the financial statements were approved. Given that there are no material uncertainties inherent across the Group, the Council of Trustees 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 41);
- balance sheets for both Consumers' Association and the Group, showing the total assets and liabilities as well as total reserves (page 42); and
- a consolidated cash flow statement showing how the Group cash balance has changed over the year (page 43).

These financial statements, including the Strategic report, comply with the current statutory requirements, the 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.



**Sam Younger**
**Council Chair**
2 Marylebone Road, London NW1 4DF
8 October 2021

# 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 2021 and of the group's and parent charitable company's incoming resources and application of resources, including its income and expenditure, and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (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 2020/21 (the 'Annual Report'), which comprise: the group and parent charitable company's balance sheets as at 30 June 2021; the consolidated statement of financial activities, the consolidated cash flow statement for the year then ended; and the notes to the financial statements, which include a description of significant accounting policies.

### 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 group and parent 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent charitable company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and parent charitable company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report 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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 their 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 38, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and/charitable company/industry, we identified that the principal risks of non-compliance with laws and regulations related to non-compliance with the Companies Act 2006 and the Charities Act 2011, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent financial reporting, specifically the posting of inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed included:

- identifying and testing journal entries, in particular those entries posted with unusual account combinations;
- enquiry of management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reading minutes of meetings of the Group Audit and Risk Committee and related governance bodies of the Group and charitable company; and
- assessing financial statement disclosures, and testing to supporting documentation, for compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC'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.

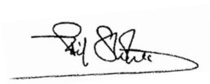
## OTHER REQUIRED REPORTING

### COMPANIES ACT 2006 EXCEPTION REPORTING

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

- we have not obtained 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
8 October 2021

# CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

## For the year ended 30 June 2021
## Incorporating a consolidated income and expenditure account

| | Notes | Group Total 2020/21 £'000 | Group Total 2019/20 £'000 |
|---|---|---|---|
| **Income from** | | | |
| Incoming from trading activities | | 88,052 | 90,477 |
| Research income | | 289 | 266 |
| Investment income | | 425 | 401 |
| Other income | | 108 | 26 |
| **Total income** | | 88,874 | 91,170 |
| **Expenditure on** | | | |
| Raising funds: | | | |
| Trading costs | 2 | (60,923) | (61,412) |
| Interest payable and other similar charges | 2, 6 | (146) | (168) |
| Charitable activities: | | | |
| Consumer research | 2 | (11,441) | (11,024) |
| Promoting consumer interests | 2 | (12,108) | (10,889) |
| **Total expenditure** | | (84,618) | (83,493) |
| **Net income before gain on investments** | | 4,256 | 7,677 |
| **Realised gains on investments** | | 651 | 516 |
| **Net incoming resources before other comprehensive income/(expense)** | | 4,907 | 8,193 |
| Unrealised gains on investments | 11 | 4,148 | 107 |
| Actuarial losses on defined benefit pension schemes | 21 | (1,800) | (12,300) |
| **Net movement in funds** | 5 | 7,255 | (4,000) |
| **Reconciliation of funds** | | | |
| Total funds brought forward at the beginning of the reporting year | | 52,406 | 56,406 |
| **Total funds carried forward at the end of the reporting period** | | 59,661 | 52,406 |

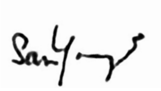
The consolidated statement of financial activities includes all gains and losses in the year.
There is no difference between net incoming resources and its historical cost equivalent in the current and prior year.
The figures above relate entirely to continuing operations.
Note: All funds of the charity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

# BALANCE SHEETS

## As at 30 June 2021

| | | Group | | Consumers' Association | |
|---|---|---|---|---|---|
| | | 2021 | 2020 | 2021 | 2020 |
| | Notes | £'000 | £'000 | £'000 | £'000 |
| **Fixed assets** | | | | | |
| Intangible assets | 9 | 4,098 | 2,928 | 177 | 214 |
| Tangible assets | 10 | 27,655 | 29,279 | 26,886 | 28,036 |
| Investments | 11 | 37,540 | 32,348 | 37,540 | 32,348 |
| Investments in subsidiary and associated undertakings | 12 | 52 | 52 | 20,052 | 20,052 |
| | | 69,345 | 64,607 | 84,655 | 80,650 |
| **Current assets** | | | | | |
| Debtors | 14 | 6,661 | 7,288 | 5,435 | 1,416 |
| Cash at bank and in hand | | 13,803 | 11,372 | (79) | 888 |
| | | 20,464 | 18,660 | 5,356 | 2,304 |
| **Creditors:** Amounts falling due within one year | 15 | (16,364) | (15,663) | (6,063) | (6,487) |
| **Net current assets/(liabilities)** | | 4,100 | 2,997 | (707) | (4,183) |
| **Total assets less current liabilities** | | 73,445 | 67,604 | 83,948 | 76,467 |
| Creditors: Amounts falling due after more than one year | 16 | (3,416) | (4,749) | (3,416) | (4,749) |
| Provisions | 17 | (768) | (549) | (290) | (126) |
| **Net assets before defined benefit pension scheme liability** | | 69,261 | 62,306 | 80,242 | 71,592 |
| Defined benefit pension scheme liability | 21 | (9,600) | (9,900) | (9,600) | (9,900) |
| **Net assets** | | 59,661 | 52,406 | 70,642 | 61,692 |
| Accumulated surplus | 20 | 74,034 | 69,127 | 85,015 | 78,413 |
| Revaluation reserve | 20 | 10,727 | 6,579 | 10,727 | 6,579 |
| Pension reserve | 20 | (25,100) | (23,300) | (25,100) | (23,300) |
| **Total unrestricted funds being total funds** | | 59,661 | 52,406 | 70,642 | 61,692 |

The financial statements on pages 41 to 59 of the Consumers' Association (registered number 00580128, charity number 296072) were approved by the Council of Trustees and authorised for issue on 8 October 2021. They were signed on its behalf by:



**Sam Younger**
Council Chair

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 June 2021

| | 2020/21 | | 2019/20 | |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| **Cash flows from operating activities** | | | | |
| **Net cash provided by operating activities (see below)** | | 5,640 | | 2,021 |
| **Cash flows from investing activities** | | | | |
| Income from investments | 425 | | 401 | |
| Interest paid | (146) | | (168) | |
| Purchase of intangible fixed assets | (1,728) | | (1,938) | |
| Purchase of tangible fixed assets | (34) | | (30) | |
| Purchase of investments | (1,980) | | (3,078) | |
| Sale of investments | 940 | | 2,147 | |
| Net realised gain on sale of investments | 651 | | 516 | |
| (Increase)/decrease in deposits awaiting investment | (4) | | 72 | |
| **Net cash used in investing activities** | | (1,876) | | (2,078) |
| **Cash flows from financing activities** | | | | |
| Repayments of borrowing | (1,333) | | (1,333) | |
| Cash flows from swap contract | – | | 34 | |
| **Net cash used in financing activities** | | (1,333) | | (1,299) |
| **Change in cash and cash equivalents in the reporting year** | | 2,431 | | (1,356) |
| **Cash and cash equivalents at the beginning of the reporting year** | | 11,372 | | 12,728 |
| **Cash and cash equivalents at the end of the reporting year** | | 13,803 | | 11,372 |
| **Reconciliation of net movements in funds to net cash provided by operating activities** | | | | |
| **Net incoming resources before other comprehensive income/(expense) (as per the consolidated statement of financial activities)** | | 4,907 | | 8,193 |
| **Adjustments for:** | | | | |
| Amortisation charged | | 555 | | 77 |
| Depreciation charged | | 1,433 | | 1,765 |
| Impairment charged on intangible assets | | – | | 44 |
| Impairment charged on tangible assets | | – | | 18 |
| Loss on disposal of intangible assets | | 3 | | – |
| Loss on disposal of tangible assets | | 225 | | – |
| Decrease in debtors | | 627 | | 150 |
| Increase/(decrease) in creditors falling due within one year | | 701 | | (5,004) |
| Increase/(decrease) in provisions | | 219 | | (73) |
| Adjustment for pension funding | | (2,100) | | (2,400) |
| Interest paid | | 146 | | 168 |
| Income from investments | | (425) | | (401) |
| Realised gain on sales of investments | | (651) | | (516) |
| **Net cash provided by operating activities** | | 5,640 | | 2,021 |

# 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 has 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 the 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 2021, 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. Income from links with affiliates and comparison sites is accrued on a monthly basis on actual clicks in month.

Commission on other fees, including the referral of life insurance, is recognised when the associated work has been completed and consideration can be reliably measure.

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

### EXPENDITURE

All expenditure is recognised in the year in which it is incurred in the categories of:

- Expenditure on raising funds: primarily costs within our commercial activities; and
- Charitable activities: expenditure where the primary intention is to:
  1. support or improve the management or administration of the Consumers' Association, or
  2. directly further one of the Consumers' Association's charitable purposes, see page 10. They are categorised into the following headings:
     - Consumer research: these costs relate to rigorous testing and analysis, investigative research and subject expertise that we turn into news, reviews, practical tools and advice.
     - Promoting consumer interests: costs in relation to publishing free content for consumers and our advocacy work, including improving understanding of, and promoting compliance with, consumer laws, regulations and public policies. This includes our policy work, influencing businesses and policymakers external affairs, and campaigns activity to make life fairer, simpler and safer for consumers.

Wherever possible, expenditure by the charity is attributed specifically to the purpose for which it is incurred. Any mixed purpose expenditure is allocated between cost categories using the most appropriate metric (e.g. page views, time spent, number of staff).

Expenditure comprises direct costs (including attributable staff costs) and an appropriate apportionment of support costs (which include shared costs such as finance, in-house legal, information technology and human resources costs). Support costs are allocated to ensure the indirect costs of products are recovered. The basis for this allocation is the average number of staff in the year.

## 1 PRINCIPAL ACCOUNTING POLICIES AND OTHER INFORMATION continued

### 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.

### TANGIBLE ASSETS

Tangible assets, other than investment properties, 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 (92 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.

### INVESTMENT PROPERTY

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Material changes in fair value are recognised in profit or loss.

### 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 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. 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 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.

### 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.

### EMPLOYEE BENEFITS

Short-term benefits, including holiday pay and other non-monetary benefits, are recognised as expenditure 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.
- Provisions: note 17.
- Valuation of investment property: note 10.

### 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 and taking into consideration the impact of Covid-19 on our customers and our operations, the Council of Trustees 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 2020/21 £'000 | Total 2019/20 £'000 |
|---|---|---|---|---|
| **Raising funds** | | | | |
| Cost of sales | (21,777) | – | (21,777) | (20,127) |
| Distribution costs | (6,949) | – | (6,949) | (6,755) |
| Other trading expenditure | (19,962) | (12,235) | (32,197) | (34,530) |
| Total fundraising trading | (48,688) | (12,235) | (60,923) | (61,412) |
| Interest payable and other similar charges | – | (146) | (146) | (168) |
| **Charitable activities** | | | | |
| Consumer research | (8,400) | (3,041) | (11,441) | (11,024) |
| Promoting consumer interests | (9,389) | (2,719) | (12,108) | (10,889) |
| **Total expenditure** | (66,477) | (18,141) | (84,618) | (83,493) |

## 3 SUPPORT COSTS

| | Management £'000 | Finance & Legal £'000 | Information Technology £'000 | Human Resources £'000 | Direct Support costs £'000 | Total 2020/21 £'000 | Total 2019/20 £'000 |
|---|---|---|---|---|---|---|---|
| **Raising funds** | | | | | | | |
| Other trading expenditure | (190) | (3,041) | (2,594) | (3,740) | (2,670) | (12,235) | (11,983) |
| Interest payable and other similar charges | – | – | – | – | (146) | (146) | (168) |
| **Charitable activities** | | | | | | | |
| Consumer research | (261) | (821) | (557) | (618) | (784) | (3,041) | (2,757) |
| Promoting consumer interests | (232) | (725) | (492) | (546) | (724) | (2,719) | (2,427) |
| **Total expenditure** | (683) | (4,587) | (3,643) | (4,904) | (4,324) | (18,141) | (17,335) |

Included in the support costs above are governance costs of £840k (2019/20: £760k).

Total support costs have increased in 2020/21 by 4.6% largely as the result of a change of classification of project management and data compliance following an internal review and updated consideration of what activities those costs represent. Included in support costs are centrally captured expenditures.

## 4 RESULTS FROM TRADING ACTIVITIES OF SUBSIDIARIES

| | Which? Limited 2020/21 £'000 | Which? Limited 2019/20 £'000 | Which? Financial Services Limited 2020/21 £'000 | Which? Financial Services Limited 2019/20 £'000 |
|---|---|---|---|---|
| **Profit & Loss Account** | | | | |
| Turnover | 87,923 | 89,326 | 207 | 1,436 |
| Other net expenditure | (72,184) | (71,388) | (141) | (1,438) |
| **Underlying trading profit/(loss)** | 15,739 | 17,938 | 66 | (2) |
| **Balance sheet** | | | | |
| Total assets | 22,976 | 19,655 | 1,107 | 1,360 |
| Total liabilities | (14,909) | (9,827) | (154) | (473) |
| **Total funds** | 8,067 | 9,828 | 953 | 887 |

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, and affiliate income.

## 5 NET MOVEMENT IN FUNDS

| | 2020/21 £'000 | 2019/20 £'000 |
|---|---|---|
| **Net movement of funds is stated after charging** | | |
| Net movement in funds is stated after charging: | | |
| Amortisation of intangible assets | (555) | (77) |
| Depreciation of tangible assets | (1,433) | (1,765) |
| Impairment of intangible assets | – | (44) |
| Impairment of tangible assets | – | (18) |
| Loss on disposal of intangible assets | (3) | – |
| Loss on disposal of tangible assets | (225) | – |
| Expenses of the Council of Trustees (detailed in the Council of Trustees' report)* | – | (8) |
| Cost of liability insurance for Council of Trustees | (7) | (12) |
| Payment under operating leases charged to the SOFA: | (674) | (553) |
| **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 | (54) | (35) |
| 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 | (66) | (48) |
| **Total audit fees** | (120) | (83) |
| Tax services | (14) | (13) |
| **Total non-audit fees** | (14) | (13) |

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

## 6 INTEREST PAYABLE AND OTHER SIMILAR CHARGES

| | 2020/21 £'000 | 2019/20 £'000 |
|---|---|---|
| Interest on mortgage | 59 | 129 |
| Investment management charges | 29 | 39 |
| Fees for refinancing | 58 | – |
| **Total interest payable and other similar charges** | 146 | 168 |

Fees for refinancing includes legal work on the mortgage renewal.

## 7 EMPLOYEES

| | Total 2020/21 £'000 | Total 2019/20 £'000 |
|---|---|---|
| **Employee costs during the year amounted to:** | | |
| Salaries and wages | 30,495 | 30,453 |
| Social security | 3,345 | 3,411 |
| Pension costs – Defined Contribution | 2,926 | 2,879 |
| Compensation for loss of office | 456 | 381 |
| Benefits in kind | 543 | 879 |
| **Total** | 37,765 | 38,003 |

| | Total 2020/21 number of employees | Total 2019/20 number of employees |
|---|---|---|
| **The average monthly number of employees of the Group during the year was:** | | |
| Consumer research | 89 | 90 |
| Promoting consumer interests | 77 | 73 |
| Support activities | 109 | 89 |
| Trading activities | 374 | 386 |
| **Total** | 649 | 638 |

## 7 EMPLOYEES continued

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

| | Total number of employees 2020/21 | Total number of employees 2019/20 |
|---|---|---|
| £60,001–£70,000 | 59 | 43 |
| £70,001–£80,000 | 22 | 32 |
| £80,001–£90,000 | 26 | 21 |
| £90,001–£100,000 | 11 | 10 |
| £100,001–£110,000 | 8 | 11 |
| £110,001–£120,000 | 4 | 4 |
| £120,001–£130,000 | 3 | 6 |
| £130,001–£140,000 | 4 | 3 |
| £140,001–£150,000 | 1 | 2 |
| £150,001–£160,000 | – | 4 |
| £160,001–£170,000 | 1 | – |
| £170,001–£180,000 | 3 | – |
| £180,001–£190,000 | 1 | 1 |
| £190,001–£200,000 | 1 | 2 |
| £200,001–£210,000 | 2 | 1 |
| £210,001–£220,000 | 1 | – |
| £230,001–£240,000 | 2 | 1 |
| £250,001–£260,000 | 1 | – |
| £290,001–£300,000 | – | 1 |
| £370,001–£380,000 | 1 | – |
| £390,001–£400,000 | – | 1 |

## 7 EMPLOYEES continued

| Key employees | Total 2020/21 £'000 | Total 2019/20 £'000 |
|---|---|---|
| **Employee costs during the year amounted to:** | | |
| Salaries and wages | 2,063 | 1,880 |
| Pension costs – Defined Contribution | 137 | 137 |
| Compensation for loss of office | 20 | 40 |
| Benefits in kind | 1 | 3 |
| **Total** | 2,221 | 2,060 |

Key employee costs in 2020/21 relate primarily to 10 (2019/20: 12) employees in the Leadership Team.

## 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 2020 | 8,113 |
| Additions | 1,728 |
| Disposals | (421) |
| **At 30 June 2021** | 9,420 |
| Accumulated amortisation | |
| At 1 July 2020 | 5,185 |
| Amortisation charged | 555 |
| Disposals | (418) |
| **At 30 June 2021** | 5,322 |
| Net book value | |
| At 30 June 2020 | 2,928 |
| **At 30 June 2021** | 4,098 |

| Consumers' Association | Software £'000 |
|---|---|
| Cost or valuation | |
| At 1 July 2020 | 636 |
| Additions | 77 |
| Disposals | (28) |
| **At 30 June 2021** | 685 |
| Accumulated amortisation | |
| At 1 July 2020 | 422 |
| Amortisation charged | 110 |
| Disposals | (24) |
| **At 30 June 2021** | 508 |
| Net book value | |
| At 30 June 2020 | 214 |
| **At 30 June 2021** | 177 |

## 10 TANGIBLE ASSETS

| | Investment Property £'000 | Long-term leasehold premises £'000 | Fixtures fittings & equipment £'000 | Total £'000 |
|---|---|---|---|---|
| **Group** | | | | |
| Cost or valuation | | | | |
| At 1 July 2020 | – | 32,700 | 6,394 | 39,094 |
| Additions | – | 14 | 20 | 34 |
| Reclassifications | 3,180 | (3,180) | – | – |
| Disposals | – | – | (462) | (462) |
| **At 30 June 2021** | 3,180 | 29,534 | 5,952 | 38,666 |
| Accumulated depreciation | | | | |
| At 1 July 2020 | – | 6,438 | 3,377 | 9,815 |
| Depreciation charged | – | 525 | 908 | 1,433 |
| Disposals | – | – | (237) | (237) |
| **At 30 June 2021** | – | 6,963 | 4,048 | 11,011 |
| Net book value | | | | |
| At 30 June 2020 | – | 26,262 | 3,017 | 29,279 |
| **At 30 June 2021** | 3,180 | 22,571 | 1,904 | 27,655 |

| | Investment Property £'000 | Long-term leasehold premises £'000 | Fixtures fittings & equipment £'000 | Total £'000 |
|---|---|---|---|---|
| **Consumers' Association** | | | | |
| Cost or valuation | | | | |
| At 1 July 2020 | – | 32,700 | 4,598 | 37,298 |
| Additions | – | 14 | 20 | 34 |
| Reclassifications | 3,180 | (3,180) | – | – |
| Disposals | – | – | (14) | (14) |
| **At 30 June 2021** | 3,180 | 29,534 | 4,604 | 37,318 |
| Accumulated depreciation | | | | |
| At 1 July 2020 | – | 6,438 | 2,824 | 9,262 |
| Depreciation charged | – | 525 | 658 | 1,183 |
| Disposals | – | – | (13) | (13) |
| **At 30 June 2021** | – | 6,963 | 3,469 | 10,432 |
| Net book value | | | | |
| At 30 June 2020 | – | 26,262 | 1,774 | 28,036 |
| **At 30 June 2021** | 3,180 | 22,571 | 1,135 | 26,886 |

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

The property of the 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.

**Investment property**
The Group's investment property represents 12% of the value of 2 Marylebone Road, London, due to the proportion of the value being leased to a tenant from March 2021. The property was valued at fair value on 23 March 2021, in accordance with Section 119 of the Charities Act 2011 by an independent, professionally qualified RICS valuer and reassessed for 30 June 2021 for accounting purposes. Details on the assumptions made and the key methodology applied in determining the fair value of the investment property are given in note 1.

The surplus on revaluation of investment property arising of £77k has not been credited to the statement of financial activities in the year as was not deemed material. All other tangible assets are stated at historical cost less depreciation and impairments.

## 11 INVESTMENTS

| | Deposits awaiting investment £'000 | Market value of investments £'000 | Total £'000 |
|---|---|---|---|
| Balance at 1 July 2020 | 34 | 32,314 | 32,348 |
| Income from investments | 425 | – | 425 |
| Purchases during the year | (1,980) | 1,980 | – |
| Sales during the year | 1,591 | (1,591) | – |
| Cash withdrawal | (17) | – | (17) |
| Realised gain on sale of investments | – | 651 | 651 |
| Unrealised gain on investments | – | 4,148 | 4,148 |
| Charges | (15) | – | (15) |
| **Balance at 30 June 2021** | 38 | 37,502 | 37,540 |
| **Historical cost** | | | |
| At 30 June 2020 | | 25,912 | |
| At 30 June 2021 | | 26,952 | |

Fixed asset investments consist of direct holdings in Exchange Traded Funds which track International Equities and hold short-term UK corporate bonds.

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

| | |
|---|---|
| iShares Core MSCI World UCITS ETF | 54.2% |
| iShares £ Corp Bond 0–5yr UCITS ETF | 19.6% |
| Charities Property Fund | 14.3% |
| iShares Core EM IMI Blackrock | 5.1% |

## 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% | Insurance 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 2020 | 52 | 20,052 |
| **At 30 June 2021** | 52 | 20,052 |

## 13 RELATIONSHIPS

### POLITICAL AND CHARITABLE CONTRIBUTIONS AND RELATED PARTY TRANSACTIONS

No political donations were made during the year (2019/20: £nil). Total charitable donations were £76k (2019/20: £150k).

### RESEARCH INSTITUTE FOR DISABLED CONSUMERS (RIDC)

Consumers' Association made a donation of £75k during the year to the registered charity, RIDC (2019/20: £150k), representing a general grant to cover operating expenses. Both a Council Trustee and an employee of the Consumers' Association are Trustees of RIDC. The donation received from the Consumers' Association represented a material proportion of RIDC's own income.

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

During the year, the Consumers' Association paid £123k (2019/20: £120k) in membership fees to ICRT. In addition, a further £1,300k (2019/20: £1,100k) was paid in respect of research and product testing. ICRT has one board member in common with Which? Limited. The amount payable to ICRT at 30 June 2021 was £563k (30 June 2020: £259k).

### CONSUMERS INTERNATIONAL (CI)

Throughout the year, the 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 the Consumers' Association paid £281k (2019/20: £282k) in membership fees.

### BUREAU EUROPÉEN DES UNIONS DE CONSOMMATEURS (BEUC)

Throughout the year, the 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, the Consumers' Association paid £465k (2019/20: £400k) 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 (2019/20: £nil). They are reimbursed for travel and accommodation expenses incurred in the performance of their duties and the Consumers' Association purchased indemnity insurance to protect Council Trustees (see note 5).

## 14 DEBTORS

| | Group | | Consumers' Association | |
|---|---|---|---|---|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Trade debtors | 853 | 1,050 | 14 | 25 |
| Amounts due from Group undertakings | – | – | 4,270 | – |
| Other debtors | 21 | 415 | 10 | 227 |
| Prepayments and accrued income | 3,071 | 2,709 | 1,141 | 1,164 |
| Accrued subscriptions | 2,716 | 3,114 | – | – |
| **Total debtors** | 6,661 | 7,288 | 5,435 | 1,416 |

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 | |
|---|---|---|---|---|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Trade creditors | 5,786 | 4,901 | 2,605 | 1,959 |
| Amounts due to Group undertakings | – | – | – | 550 |
| Taxation and social security | 153 | 846 | 1 | 343 |
| Other creditors | 19 | 10 | 3 | 5 |
| Accruals and deferred income | 5,585 | 6,013 | 2,121 | 2,297 |
| Subscriptions received in advance | 3,488 | 2,560 | – | – |
| Mortgage: 2 Marylebone Road (see note 16) | 1,333 | 1,333 | 1,333 | 1,333 |
| **Total creditors (due within one year)** | 16,364 | 15,663 | 6,063 | 6,487 |

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

## 16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | Group | | Consumers' Association | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| Mortgage: 2 Marylebone Road | 3,416 | 4,749 | 3,416 | 4,749 |
| **Total creditors (due after more than one year)** | 3,416 | 4,749 | 3,416 | 4,749 |

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. The mortgage was renewed in May 2021 with a fixed rate, including a margin of 1.785%. This loan matures in May 2026.

## 17 PROVISIONS

| | Group | | Consumers' Association | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| Onerous lease | 478 | 423 | – | – |
| Derivative financial instrument | – | 26 | – | 26 |
| Other | 290 | 100 | 290 | 100 |
| **Total provision** | 768 | 549 | 290 | 126 |

## 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 | |
| | 2021 | 2020 | 2021 | 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| Not later than one year | 706 | 942 | 285 | 280 |
| Later than one year and not later than five years | 2,966 | 3,513 | 1,140 | 1,120 |
| Later than five years | 25,101 | 25,257 | 24,793 | 24,640 |
| **Total financial commitments** | 28,773 | 29,712 | 26,218 | 26,040 |

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 2021 £'000 | Group 2020 £'000 |
|---|---|---|
| Investments | 37,502 | 32,314 |
| Trade debtors | 853 | 1,050 |
| Other debtors | 21 | 415 |
| Accrued subscriptions | 2,716 | 3,114 |
| **Financial assets** | 41,092 | 36,893 |

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.

| | Group 2021 £'000 | Group 2020 £'000 |
|---|---|---|
| Trade creditors | 5,786 | 4,901 |
| Other creditors | 19 | 10 |
| Accruals | 5,496 | 6,013 |
| Mortgage: 2 Marylebone Road: (due within one year) | 1,333 | 1,333 |
| (due after more than one year) | 3,416 | 4,749 |
| Other liabilities (derivative financial instrument) | – | 26 |
| **Financial liabilities** | 16,050 | 17,032 |

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

**Derivative financial instrument – interest rate swap**
The instrument was used to hedge the company and Group's exposure to interest rate movements on the Barclays mortgage facility to April 2021. The hedging rate arrangement fixed the total interest payable at 0.722%. The interest rate swap matured in April 2021 when the mortgage was renewed with a fixed rate. Fair value, determined by the current market price, of the interest rate swap at 30 June 2020 was a liability of £26k. During 2020/21 a hedging loss of £26k (2019/20: £34k loss) was recognised in the consolidated statement of financial activities for changes in the fair value of the interest rate swap.

## 20 STATEMENT OF MOVEMENT OF FUNDS DURING THE YEAR

| | Accumulated surplus* 2020/21 £'000 | Revaluation reserve 2020/21 £'000 | Pension reserve 2020/21 £'000 | Group funds 2020/21 £'000 | Group funds 2019/20 £'000 |
|---|---|---|---|---|---|
| Balance at 1 July | 69,127 | 6,579 | (23,300) | 52,406 | 56,406 |
| Net incoming resources | 4,256 | – | – | 4,256 | 7,677 |
| Revaluation of investment assets (note 11) | – | 4,148 | – | 4,148 | 107 |
| Realised gains on investments (note 11) | 651 | – | – | 651 | 516 |
| Actuarial losses on defined benefit pension schemes | – | – | (1,800) | (1,800) | (12,300) |
| **Balance at 30 June** | 74,034 | 10,727 | (25,100) | 59,661 | 52,406 |

*Accumulated surplus comprises the below:

| | Unrestricted charity funds 2020/21 £'000 | Accumulated deficit of trading subsidiaries 2020/21 £'000 | Consolidation adjustments 2020/21 £'000 | Total 2020/21 £'000 | Total 2019/20 £'000 |
|---|---|---|---|---|---|
| Balance at 1 July | 78,413 | (18,222) | 8,936 | 69,127 | 60,934 |
| Net incoming/(outgoing) resources | 5,951 | 15,805 | (17,500) | 4,256 | 7,677 |
| Realised gain on investments (note 11) | 651 | – | – | 651 | 516 |
| Gift aid distributions paid from subsidiaries to charity | – | (17,500) | 17,500 | – | – |
| **Balance at 30 June** | 85,015 | (19,917) | 8,936 | 74,034 | 69,127 |

## 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 closed to accrual on 31 March 2019. Under the current Schedule of Contributions dated 27 June 2019, deficit reduction contributions to the hybrid section of £1.25m per year are payable in equal monthly instalments from 1 July 2019 to 31 March 2023, with an additional payment of £0.20m in July 2019. A contingent contribution mechanism ('the CCM') has also been agreed between the employers and the scheme and is documented in the schedule of contributions. The CCM tests the progress of the funding position of the scheme against the progress expected under the recovery plan, dated 27 June 2019. CCM tests occur every 6 months, with the first test on 30 September 2019. If the funding position is worse than expected at the point of a CCM test, an additional contribution of 25% of the shortfall to the expected deficit, up to a maximum payment of £0.50m per CCM test, is payable by the employers to the scheme. If the funding position is ahead of the expected position at the point of the CCM test, the deficit reduction contributions agreed in the schedule of contributions continue to apply. Additional contributions under the CCM of £1m were paid by the employer to the scheme during the year to 30 June 2021 as a result of the CCM tests as at 30 September 2020 and 31 March 2021. Contributions to the hybrid section for the year beginning 1 July 2021 are expected to be £1.25m, with no further additional contributions under the CCM following the suspension of the CCM as agreed by the company and the scheme.

The value of the liabilities at the reporting date have been estimated by a qualified independent actuary by updating the preliminary results of the triennial actuarial valuation as at 31 March 2021. 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 2021 to 30 June 2021. Such an approach is normal for the purposes of accounting disclosures.

It is not expected that these projections will be materially different from a summation of individual calculation at the accounting date, although there may be some discrepancy between the actual liabilities for the hybrid section of the scheme at the accounting date and those included in the disclosures.

| | | 2021 | 2020 |
|---|---|---|---|
| **Assumptions** | | | |
| **The major assumptions used by the actuary to calculate the scheme under FRS 102 were (in nominal terms):** | | | |
| Rate of increase in pensions in payment – RPI linked | | 3.2% | 2.8% |
| Discount rate | | 1.8% | 1.4% |
| Inflation assumption (RPI) | | 3.2% | 2.8% |
| Inflation assumption (CPI) | | 2.4% | 1.9% |
| Rate of revaluation of pensions in deferment | | 2.4% | 1.9% |
| Return on money purchase underpin fund | | 6.0% | 6.0% |
| **Assumed life expectancies on retirement at age 65 are:** | | | |
| Retiring today | Males | 22.4 | 22.3 |
| | Females | 24.4 | 24.4 |
| Retiring in 20 years' time | Males | 23.7 | 23.7 |
| | Females | 26.0 | 25.9 |
| **The assets in the scheme were:** | | **Value at 30 June 2021** | **Value at 30 June 2020** |
| | | £m | £m |
| Equities and property | | 15.6 | 12.7 |
| Bonds and cash | | 69.9 | 75.0 |
| With-profits fund | | 49.9 | 51.0 |
| Multi-asset fund | | 13.4 | 13.6 |
| **Fair value of scheme assets at 30 June** | | 148.8 | 152.3 |

The scheme does not hold any ordinary shares issued or property occupied by the Consumers' Association.

| | 2021 | 2020 |
|---|---|---|
| The actual return on assets over the year was | 2.4 | 14.4 |

| **Net pension liability**<br>**The amounts recognised in the balance sheet are as follows:** | **2021**<br>£m | **2020**<br>£m |
|---|---|---|
| Present value of funded obligations | (158.4) | (162.2) |
| Fair value of scheme assets | 148.8 | 152.3 |
| **Net pension liability recognised before tax** | (9.6) | (9.9) |

## 21 STAFF PENSIONS continued

| Reconciliation of opening and closing balances of the present value of the defined benefit obligation: | 2021<br>£m | 2020<br>£m |
|---|---|---|
| Benefit obligation at beginning of year | 162.2 | 139.4 |
| Interest cost | 2.2 | 3.1 |
| Actuarial (gains)/losses | (2.7) | 24.2 |
| Benefits paid | (3.3) | (4.5) |
| **Benefit obligation at end of year** | 158.4 | 162.2 |

| Reconciliation of opening and closing balances of the fair value of the scheme assets: | 2021<br>£m | 2020<br>£m |
|---|---|---|
| Fair value of scheme assets at beginning of year | 152.3 | 140.0 |
| Interest income on scheme assets | 2.1 | 3.1 |
| Return on assets, excluding interest income | (4.5) | 11.3 |
| Contributions by employers | 2.3 | 2.5 |
| Benefits paid | (3.3) | (4.5) |
| Scheme administrative costs | (0.1) | (0.1) |
| **Fair value of scheme assets at end of year** | 148.8 | 152.3 |

| Amount recognised in profit or loss: | 2020/21<br>£m | 2019/20<br>£m |
|---|---|---|
| Service cost – administrative cost | 0.1 | 0.1 |
| Net interest on the hybrid scheme liability | 0.1 | – |
| **Total expense** | 0.2 | 0.1 |

| Remeasurement of the net defined benefit liability to be shown in OCI: | 2020/21<br>£m | 2019/20<br>£m |
|---|---|---|
| Actuarial gains/(losses) on the liabilities | 2.7 | (24.2) |
| Return on assets, excluding interest income | (4.5) | 11.3 |
| Change in the amount of surplus that is not recoverable, excluding interest income | – | 0.6 |
| **Total remeasurement of the net defined benefit liability to be shown in OCI** | (1.8) | (12.3) |

## 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.

# 2020/21 COUNCIL, BOARDS, COMMITTEES AND EXECUTIVE MEMBERSHIP

| Council (Consumers' Association) | |
|---|---|
| Attendance/number of meetings in the year | 9 |
| Sam Younger CBE (Chair) | 9 / 9 |
| Shirley Bailey-Wood MBE | 9 / 9 |
| Caroline Baker | 8 / 9 |
| Dorothy Burwell | 9 / 9 |
| Christine Forde | 9 / 9 |
| Harry Gaskell | 8 / 9 |
| Donald Grant | 9 / 9 |
| Sharon Grant | 9 / 9 |
| Mélanie Griffiths | 8 / 9 |
| Peter Shears (until 05.12.20) | 0 / 4 [1] |
| Richard Sibbick | 9 / 9 |
| Jonathan Thompson | 7 / 9 |
| Charles Wander | 9 / 9 |
| David Woodward | 9 / 9 |
| Christopher Woolard CBE (from 01.04.21) | 3 / 3 |
| Brian Yates | 9 / 9 |

| Which? Limited Board | |
|---|---|
| Attendance/number of meetings in the year | 9 |
| Judy Gibbons (Chair) | 9 / 9 |
| Anna Bateson (from 01.02.21) | 4 / 4 |
| Deborah Davis (until 31.12.20) | 5 / 5 |
| Harry Gaskell (from 01.01.21) | 4 / 4 |
| Julie Harris | 9 / 9 |
| Anabel Hoult (Group Chief Executive) | 9 / 9 |
| Ian Hudson | 9 / 9 |
| Jonathon Moore | 9 / 9 |
| Jonathan Thompson (until 31.12.20) | 3 / 5 |

| Which? Financial Services Limited Board | |
|---|---|
| Attendance/number of meetings in the year | 4 |
| Steve Britain (Chair) | 4 / 4 |
| Anabel Hoult | 4 / 4 |

| Group Audit & Risk Committee | |
|---|---|
| Attendance/number of meetings in the year | 4 |
| Ian Hudson (Chair) | 4 / 4 |
| Shirley Bailey-Wood MBE | 4 / 4 |
| Deborah Davis (until 31.12.20) | 2 / 2 |
| David Woodward | 4 / 4 |
| Sam Younger CBE (from 24.06.21) | 0 / 0 |

| Investment Committee | |
|---|---|
| Attendance/number of meetings in the year | 2 |
| Brian Yates (Chair) | 2 / 2 |
| Caroline Baker | 2 / 2 |
| David Stewart (until 03.06.21) | 1 / 1 |
| Mélanie Griffiths | 2 / 2 |

| Nominations Committee | |
|---|---|
| Attendance/number of meetings in the year | 4 |
| Sam Younger CBE (Chair) | 4 / 4 |
| Caroline Baker (until 12.05.21) | 3 / 4 |
| Dorothy Burwell (from 12.05.21) | 0 / 0 |
| Christine Forde (until 12.05.21) | 4 / 4 |
| Judy Gibbons | 4 / 4 |
| Donald Grant | 3 / 4 |
| Julie Harris (until 12.05.21) | 4 / 4 |
| Elizabeth Oni-Iyiola (from 16.09.20) | 3 / 3 |
| Michelle Rajkumar-Clifford (from 16.09.20) | 3 / 3 |
| Richard Sibbick | 4 / 4 |

| Remuneration Committee | |
|---|---|
| Attendance/number of meetings in the year | 5 |
| Caroline Baker (Chair) | 4 / 5 |
| Dorothy Burwell (until 12.05.21) | 4 / 4 |
| Christine Forde (from 12.05.21) | 1 / 1 |
| Harry Gaskell (until 12.05.21) | 4 / 4 |
| Judy Gibbons | 4 / 5 |
| Charles Wander (from 12.05.21) | 1 / 1 |
| Sam Younger CBE | 5 / 5 |

| Policy & Advocacy Committee [2] | |
|---|---|
| Attendance/number of meetings in the year | 1 |
| Donald Grant (Chair) | 1 / 1 |
| Anna Bateson (from 12.05.21) | 1 / 1 |
| Shirley Bailey-Wood MBE (until 12.05.21) | 0 / 0 |
| Christine Forde (until 12.05.21) | 0 / 0 |
| Sharon Grant | 1 / 1 |
| Julie Harris (until 12.05.21) | 0 / 0 |
| Charles Wander (from 12.05.21) | 1 / 1 |
| Christopher Woolard CBE (from 12.05.21) | 1 / 1 |

| Leadership team (at 30 June 2021) |
|---|
| Jenni Allen (Content Director) |
| Phil Amy (Commercial Director) |
| Charmian Averty (General Counsel & Company Secretary) |
| Neil Caldicott (Director of Audiences, Brand and Communications) |
| Rocio Concha (Director of Policy and Advocacy) |
| Terry Downing (Interim Chief Financial Officer) |
| Anabel Hoult (Group Chief Executive) |
| Helen Moore (People Director) |
| Rico Surridge (Chief Product & Technology Officer) |

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).

[1] Absence due to exceptional circumstances
[2] Constituted as a Committee on 25 February 2021. Previously existed as a governance group with members meeting four times a year.

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