

FINANCIAL *Statements*

2008/09

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which?

FINANCIAL *overview*

Consumers' Association (CA) is a registered charity. Its research and advocacy work is funded by taxable profits from its trading subsidiary, Which? Limited, all of which are passed to CA each year. During the financial year 2008/09, the group was primarily made up of both CA and Which? Limited.

CA's finances

We continue to invest in new and existing products and services to meet our members' needs. We also seek to maintain and expand our mission activities of advocacy and informing on consumer issues. In addition, CA aims to maintain its reserves at a level that Council of Management (Council) considers adequate to insure against future detrimental events.

The consolidated group showed a net decrease in funds of £2.2m (£0.6m increase in the previous year) resulting from losses on investments during the year, reflecting the wider downward market trends. Excluding this movement, the underlying performance of the organisation was again positive, with net incoming resources in the year of £2.0m (£3.1m in 2007/08). Total incoming resources from continuing operations for the group were £2.5m lower than the previous year. However, the £3.9m one-off uplift in 2007/08 from the extra revenue recognised as a result of the change in magazine dispatch dates, masked continued underlying growth in membership revenue; an achievement extremely rare at present in the publishing sector.

CA's financial statements

Our financial statements are made up of:

- a statement of financial activities (SOFA), specifically for charities, which shows the resources available for charitable activities and how these resources have been used during the year (page 8);
- balance sheets for the group and the charity, CA, showing what we own, what we owe and the level of our reserves (page 9); and

- a cash flow statement, showing how we received and spent money in the year (page 10).

These principal statements are supplemented by extensive notes, providing more details on the important items.

Income and membership

Group incoming resources of £66.9m represented a decrease of £2.5m (4%) on the previous year. This reflects that in 2007/08, £3.9m of additional one-off revenue was recognised as a result of the bringing forward of magazine dispatch dates into the previous month, a practice common in magazine publishing. Excluding this, underlying performance was, in fact, up by £1.4m.

Membership of *Which?* at 519,000 was marginally up on June 2008, continuing the growth achieved in previous years. *Which?* Online once again delivered the largest subscriber increase, with a 21,000 rise taking membership to a record 216,000.

Which? Computing also continued to grow,

reporting a further 7% year on year increase in membership, while *Which? Legal Service* delivered an impressive 13% increase.

Both *Which? Gardening* and *Which? Money* were relatively stable year on year, while *Which? Holiday*, *Which? Books* and *Which? Switch* unfortunately declined in what are very tough marketplaces. However, maintaining tight cost control ensured that the contribution impact was minimal.

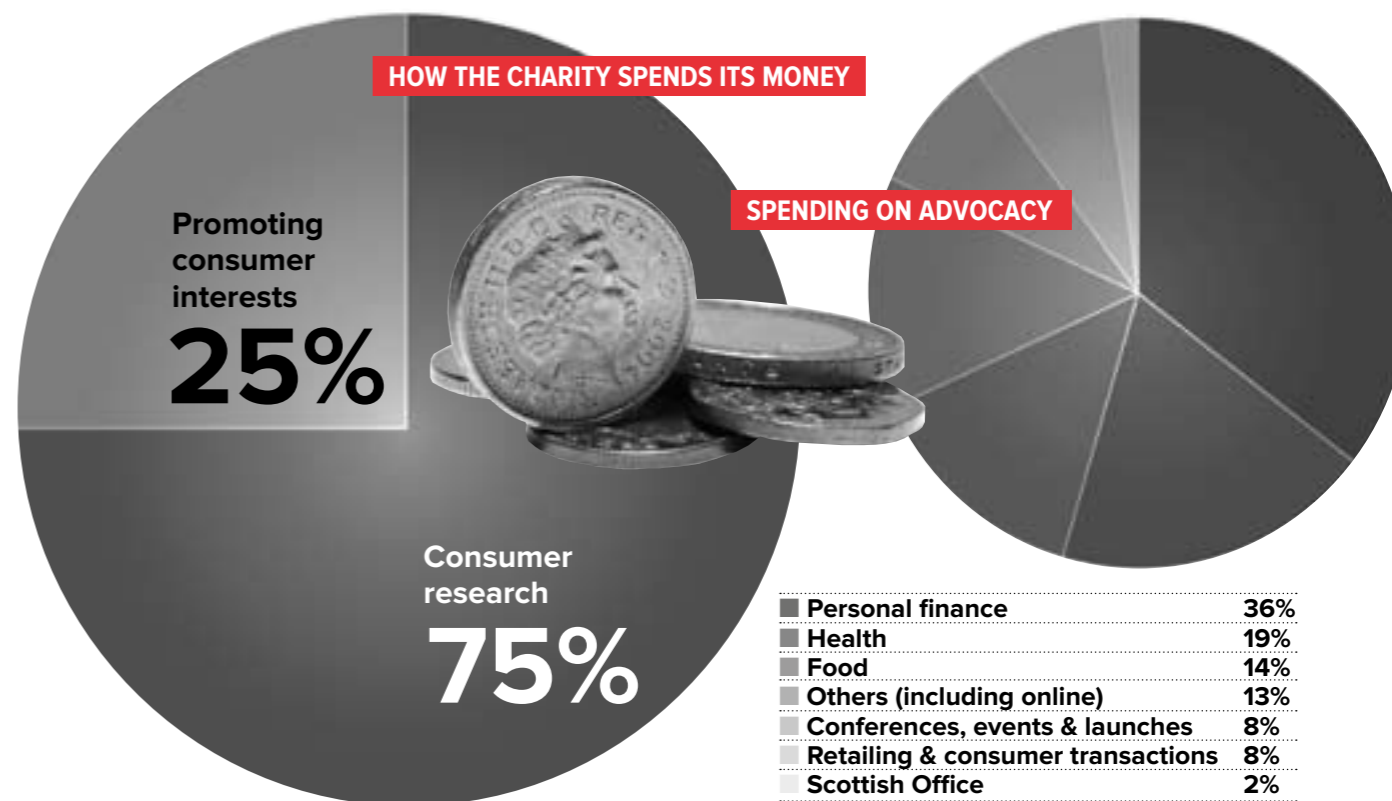
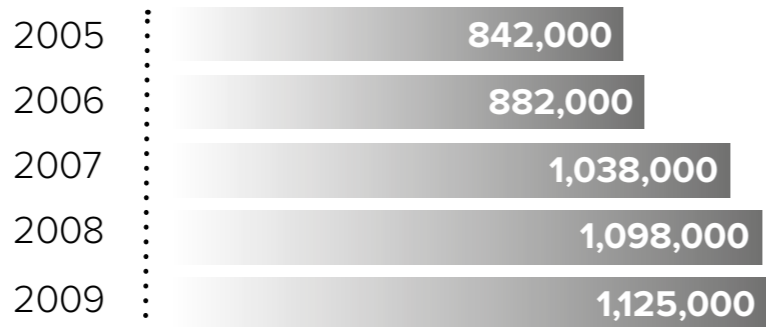
Continuing this growth in what is still a very tough economic climate will be difficult. Despite our very robust performance this year, the future is still extremely uncertain. However, by focusing our products on what the customer needs, whilst constantly seeking to innovate and add value to our offerings, should ensure that we are best equipped to meet these challenges.

Over the course of what has been a very turbulent year in the markets, the investment portfolio produced income of £0.6m, with realised losses of £0.6m and unrealised losses of £3.6m.

Expenditure

Total resources expended of £64.9m were £1.4m (2%) lower than last year, reflecting no additional expenditure from the one-off extra issues recognised in 2007/08, but also savings derived from cost control initiatives across the organisation. We continued to invest considerable sums in our research, seeking to focus our attention on products and services that are most relevant to our members. Our promotion costs were down year on year, reflecting the prior year TV brand campaign not being continued.

TOTAL NUMBER OF SUBSCRIPTIONS



The 'How the charity spends its money' chart analyses consumer research and promoting consumer interests as shown in note 2 of the accounts. This shows that 75% of the expenditure of the charity relates to research for our magazines and website. The remaining expenditure relates to promoting consumer interests through our own advocacy and media activities and our support for other consumer organisations.

The 'Spending on advocacy' chart shows the main advocacy areas for CA. As in previous years, the size of spend does not necessarily reflect its relative importance to CA. In addition to this explicit advocacy spend, all our publications play an important role in promoting CA advocacy to consumers.

Pension schemes

CA operates a hybrid pension scheme and a defined contribution scheme. The hybrid scheme combines the features of defined benefit (final salary) and defined contribution schemes. As at 30 June 2009, under FRS17 the hybrid scheme had a £0.5m surplus. With uncertainty around future market returns, which could influence future values of asset and liabilities, the asset has again not been recognised in the balance sheet. The triennial valuation at March 2009 is still in the process of being finalised and is at present

indicating a less favourable position to the FRS17 valuation, probably a significant deficit. When this is complete, Council will consider the outcome and take necessary action.

It should be noted that future financial exposure is limited in that since March 2004, the hybrid pension scheme has been closed to new members. From that date, employees have been only permitted to join the separate defined contribution scheme.

Group balance sheet and reserves

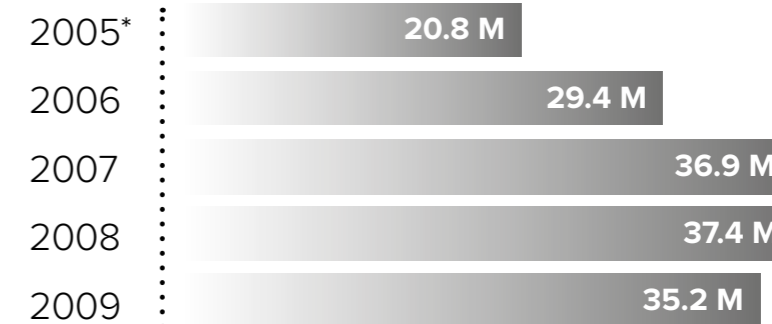
The balance sheet on page 9 illustrates the financial position of the group at 30 June

2009. The major changes in the year concern the £3.6m decrease in investments (driven primarily by the rise in unrealised losses), a reduction in tangible assets and an increase in cash.

Our head office at 2 Marylebone Road, London NW1 is held on a long lease from the Crown Estate. The head office and our other principal property at Hertford have a combined book value of £13.1m included on our balance sheet at 30 June 2009.

Our net incoming resources for the year, together with the reduction in the value of investments, resulted in a decrease in reserves of £2.2m.

RESERVES



* After restating reserves by £13.6m to comply with FRS17-Retirement benefits where any pension deficit is included in reserves. Before restatement, reserves were £34.4m.

COUNCIL of Management report

for the year ended 30 June 2009

Council of Management is pleased to present its report together with the financial statements of the charity for the year ended 30 June 2009. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, applicable Accounting Standards in the United Kingdom and the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005 and the Charities Acts 1993 and 2006.

Status of the Association

Consumers' Association (CA) is a private company limited by guarantee. It is registered in England (no 580128), and its registered office is at 2 Marylebone Road, London NW1 4DF. It is also a registered charity (no 296072). CA's governing document is its Memorandum and Articles of Association.

Organisation

The governing body of CA is Council of Management (Council), the members of which are also its company directors and charity trustees.

It has 12 members elected from the Ordinary Members of CA by a choice of postal, telephone or internet ballot of Ordinary and Associate members who have been paid up for at least one year, together with up to six members co-opted by Council.

A Chief Executive is appointed by Council to manage the day-to-day operations of the charity.

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

distributed to all new members.

CA's principal trading subsidiary, Which? Limited, is governed by its own board, which is made up of Council members, senior employees and independent non-executive directors.

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

Joint Audit Committee

A further mechanism through which Council mitigates risk is the establishment of a Joint Audit Committee, made up of three members, all of whom are CA Council members, with one also a non-executive director of Which? Limited and a member of the Investment Committee. The duties of the Joint Audit Committee are to consider the appointment, fee, scope and results of audits with independent internal and external auditors. This includes responsibility for reviewing the financial statements. The Committee is also responsible for reviewing, risk management, business continuity and disaster recovery planning, the effectiveness of internal control

systems and ensuring systems are in place to achieve economy, efficiency and effectiveness and which mitigate the risks identified. In addition, it ensures the information security policy meets the organisation's requirements.

The Committee met three times during the year and continued to be satisfied that the reports presented to it identified no significant concerns about CA internal controls. The Committee conducts an annual review of its effectiveness.

Charitable objects

Our mission is to make all consumers as powerful as the organisations they have to deal with in their daily lives, and over the last year Which? has worked hard on a number of issues which have huge impacts on consumers' everyday lives.

The recession and financial crisis meant our personal finance advocacy work had greater resonance than ever. We quickly identified where high street banking customers were suffering whether through loss of security in their savings, low savings rates or stubbornly high mortgage rates. We also pressed for industry, government and regulatory action to ensure that consumers can have confidence in the UK banking system. Much of the fall-out of the financial crisis has also led to longer term work on reforming the financial services

sector which we will remain actively engaged with over the next 12 months.

We continued to press for changes in other financial areas, including on mis-sold and poorly designed payment protection insurance (PPI) policies. We welcomed the decision by the Competition Commission to radically change the market in PPI and continue to help consumers make complaints and access redress for mis-sold PPI.

We also continued to work on well established issues such as how less healthy food is marketed to children, publishing new research identifying where there was still more to do by government, regulators and industry. We also entered new areas, publishing research on the challenges consumers face accessing and understanding their rights in relation to NHS dentistry.

We launched a new campaign on energy, calling on the regulator and industry to act to simplify the bills and tariffs to help consumers make more informed decisions about their energy usage. We also highlighted some flaws in how new smart meters were being rolled out and whether the current plans were going to make the most of the new technology and the possibility for helping consumers with their energy consumption.

There have been two White Papers published in recent months by HM Treasury on the future of financial services and by DBIS on consumer policy, and these will influence a lot of our work over the coming year. The future of financial services will be a particular focus for us, as we seek to ensure that whatever regulatory regime emerges from the recent crisis, consumer protection is at the heart of financial services policy.

We will also be spending time and energy in Europe, campaigning to ensure that the proposed Consumer Rights Directive does not diminish the UK's well-established consumer protection regime and to push for significant progress on establishing a common approach for front-of-pack nutrition labelling.

Investment policy

CA's Memorandum of Association gives Council broad powers to invest its surplus funds. An order from the Charity Commissioners under the Charities Acts 1993 and 2006 allows Council to delegate the management of its investment portfolio. In 1997, Council took the decision to invest £10m with discretionary fund managers, with a view to improving the medium and

long-term returns obtained, without exposing the group to undue risk. The portfolio is managed by Rensburg Sheppards Investment Management Limited.

In February 2004, Council established an Investment Committee with responsibility for setting investment policy and monitoring the performance of the investment managers. This Committee has established a mandate for the current investment managers. The principal benchmark against which the investment managers' performance is monitored is a composite index based on the FT All Share, FT World and FT All Stocks indices. The Investment Committee is made up of six members, of whom four are Council members. One member is also a non-executive director of Which? Limited. There is one external member, included for his investment expertise, and one vacancy. The Investment Committee currently meets quarterly, primarily to receive a presentation by the investment managers addressing fund performance during the previous quarter. These findings are subsequently reported to Council.

Between 30 June 2008 and 30 June 2009 the value of the fund decreased from £22.8m to £19.2m, a decrease of 15.8%. During this period the benchmark index decreased by 5.7%. However, performance over the longer term has been in line with the

Which? is completely independent and receives no government funding and does not accept advertising. The vast majority of income comes from subscriptions to our products and services.



benchmark index. The Investment Committee is currently reviewing its investment policy and manager arrangements.

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

Reserves policy

CA's reserves policy is designed to incorporate best practice for charities, and to balance the needs of current and future beneficiaries. The policy is that our reserves should provide sufficient cover to enable CA to continue its operations if a major adverse financial event occurs, and to take account of any strategic opportunities.

Council estimates this requires CA to have £1.7m of free reserves (before pensions assets or liabilities), approximately 3 months of the charity's expenditure. Of the total group funds of £35.2m at 30 June 2009, £12.6m is represented by fixed assets required for our operations and £2.5m is required to fund working capital. This leaves £20.1m of free reserves which is higher than the free reserves target established by Council. It is intended to continue investing some of the excess free reserves in the year to 30 June 2010 in enhancing our current product portfolio and developing new products and services that can expand our influence in years to come.

CA's principal trading subsidiary, Which? Limited, shows net assets at 30 June 2009 of £0.4m.

Going concern

After making enquiries, Council have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

Council responsibilities statement

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

Company law requires Council to prepare financial statements for each financial year. Under that law Council has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom

COUNCIL of Management report (continued)

Accounting Standards and applicable law). Under company law, Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of CA and the group and of the surplus or deficit of the group for that period. In preparing these financial statements, Council is required to;

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

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

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

Payments to members of Council

Members of Council do not receive any payment for their services, as required by the Memorandum of Association. They are reimbursed for travel and accommodation expenses incurred when attending Council meetings and other official events. Claims were made by 14 (2008: 12) members during the year, totalling £17,000 (2008: £22,000). Insurance purchased by CA during the year to protect Council members against liabilities arising from their office cost £1,575 (2008: £1,680).

Remuneration

Council appoints from its members a Terms of Service Committee which sets the remuneration for the Chief Executive and advises him in setting the remuneration of the other Executive Directors. Remuneration for these roles reflects the performance of the individual, and information on pay levels for comparable similar roles in the commercial, charity and regulatory sectors is prepared by an independent reward consultant. Remuneration for other roles in the organisation is set with reference to performance and salary ranges benchmarked against other comparable roles.

Employee relations

CA is committed to ensuring that its Equal Opportunities Policy is practised at all stages from recruitment and selection, through to training and development, performance management, promotion and retirement. Everyone receives equal treatment irrespective of their ethnic or national origin, colour, sex, age, religion, sexual orientation, marital status or physical ability, and all employment decisions are objective and free from any bias.

CA recognises a Staff Association and Joint Union for the purposes of collective bargaining and consultation. Staff representatives may attend Council meetings and are involved with management on the development of employment policies, and in change initiatives to bring about organisational improvements.

We are committed to a range of internal communications activities to keep staff informed and involved in the work and performance of the organisation. These initiatives are regularly reviewed to ensure they continue to meet our communication needs.

Bankers and professional advisors

CA'S PRINCIPAL BANKERS ARE:

■ Barclays Bank plc, The Lea Valley Group, 78 Turners Hill, Cheshunt, Herts EN8 9BW.

CA'S INDEPENDENT AUDITORS AND TAX ADVISORS ARE:

Deloitte LLP, 2 New Street Square, London EC4A 3BZ.

CA'S INVESTMENT MANAGERS ARE:

Rensburg Sheppards Investment Management Limited, Quayside House, Canal Wharf, Leeds LS1 1 5PU.

In addition to our own legal affairs department, CA uses a number of leading firms of solicitors for specialist legal advice.

Other information

The following information is contained elsewhere in the annual report:

Council members	Page 23
Membership of the Which?	
Limited Board	Page 23
Net movement in funds	Page 8
Significant relationships, including political and charitable donations	Page 18
Financial overview	Pages 2-3

This is the fifth year that Deloitte LLP have been in office as registered auditors. As is company practice, the audit is to be put out to tender this autumn.

Deloitte LLP have expressed a willingness to continue in office and are one of several tender options. A resolution on the appointment of auditors going forward will be proposed at the forthcoming Annual General Meeting.

Each of the directors at the date of approval of this report confirms that;

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

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

The Annual Report was approved by the Council of Management on 30 September 2009.

Robert Pickard
Council Chairman

INDEPENDENT AUDITORS' REPORT to the members of Consumers' Association

We have audited the group and parent charity financial statements of Consumers' Association for the year ended 30 June 2009 which comprise the group statement of financial activities, the group and company balance sheets, the group cash flow statement and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Council of Management and auditors

The responsibilities of the Council of Management (who are also the directors of Consumers' Association for the purposes of company law) for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Responsibilities of Council of Management.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. We also report to you whether,

in our opinion, the information given in the Council of Management report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Council's benefits, remuneration, pensions and compensation for loss of office specified by law are not made.

We read the Council of Management report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by Council of Management in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

IN OUR OPINION:

- the financial statements give a true and fair view of the state of the group and the parent charitable company's affairs as at 30 June 2009 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the Council of Management report is consistent with the financial statements.

Mark Lee-Amies, FCA

(Senior Statutory Auditor)

for and on behalf of

DELOITTE LLP

Chartered Accountants and Statutory Auditors
London, United Kingdom
30 September 2009

CONSOLIDATED STATEMENT of financial activities

Incorporating a consolidated income and expenditure account

Note	The Charity– Consumers' Association £'000	The Trading Subsidiary– Which? Ltd £'000	Transactions between the Companies £'000	GROUP TOTAL 2008/09 £'000	GROUP TOTAL 2007/08 £'000
INCOMING RESOURCES					
Incoming resources from generated funds:					
Activities for generating funds	-	65,807	-	65,807	67,609
Investment income	698	165	-	863	1,356
Other incoming resources	126	27	-	153	310
Incoming resources from charitable activities:					
Research income	9,630	-	(9,524)	106	141
Total incoming resources	10,454	65,999	(9,524)	66,929	69,416*
RESOURCES EXPENDED					
Cost of generating funds:					
Fundraising trading	-	(57,333)	9,524	(47,809)	(49,017)
Interest payable and similar charges	2,6	(118)	-	(118)	(195)
Investment management costs	2	(62)	-	(62)	(77)
	(180)	(57,333)	9,524	(47,989)	(49,289)
Charitable activities:					
Consumer research	2	(12,483)	-	(12,483)	(12,768)
Promoting consumer interests	2	(4,087)	-	(4,087)	(3,937)
Governance costs	2	(367)	-	(367)	(306)
	(16,937)	-	-	(16,937)	(17,011)
Total resources expended	2	(17,117)	9,524	(64,926)	(66,300)
Net trading income transferred to CA available for charitable activities					
	9,839	(9,839)	-	-	-
Net incoming resources before other recognised gains and losses	3,176	(1,173)	-	2,003	3,116
OTHER RECOGNISED GAINS AND LOSSES					
Net losses on investment assets	10			(4,229)	(2,336)
Actuarial losses on defined benefit pension schemes	19			-	(200)
Net movement in funds	5			(2,226)	580
Reconciliation of funds					
Total funds brought forward at 1 July				37,438	36,858
TOTAL FUNDS CARRIED FORWARD AT 30 JUNE				35,212	37,438

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

* The equivalent turnover for the extra revenue recognised from the change in magazine dispatch dates was £3.9 million.

Balance sheets as at 30 June 2009

BALANCE SHEETS

Note	GROUP		CONSUMERS' ASSOCIATION	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
FIXED ASSETS				
Tangible assets	9	14,612	16,467	14,189
Investments	10	19,189	22,824	19,189
Investments in subsidiaries and associated undertakings	11	25	25	5,025
		33,826	39,316	38,403
CURRENT ASSETS				
Stocks	13	191	183	-
Debtors	14	7,015	6,860	7,157
Cash at bank and in hand		7,361	5,197	227
		14,567	12,240	7,384
CREDITORS: Amounts falling due within one year	15	(11,567)	(12,099)	(4,053)
Net current assets		3,000	141	3,331
Total assets less current liabilities		36,826	39,457	41,734
CREDITORS: Amounts falling due after more than one year	16	(1,614)	(2,019)	(1,614)
NET ASSETS		35,212	37,438	40,120
Unrestricted charity funds	18	41,439	38,881	41,439
Revaluation reserve–unrealised investment gains	18	(1,319)	2,292	(1,319)
Accumulated deficit of trading subsidiaries	18	(4,908)	(3,735)	-
TOTAL UNRESTRICTED FUNDS	18	35,212	37,438	40,120

The financial statements on pages 8 to 22 were approved by the Council of Management on 30 September 2009 and are signed on its behalf by:

Robert Pickard
Council Chairman

CONSOLIDATED *cash flow statement*

	2008/09		2007/08		
	£'000	£'000	£'000	£'000	
RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES					
Net incoming resources from continuing activities		2,003		3,116	
Fixed asset depreciation charges	1,294		1,196		
Fixed asset impairment charges	369		-		
Loss on disposal of fixed assets	408		280		
(Increase)/decrease in stocks	(8)		49		
Increase in debtors	(155)		(3,737)		
(Decrease)/increase in creditors	(532)		1,460		
Adjustment for pension funding	-		100		
Interest received	(269)		(707)		
Interest paid and similar charges	118		195		
Income from fixed asset investments	(594)		(648)		
		631		(1,812)	
Net cash inflow from continuing operating activities		2,634		1,304	
CONSOLIDATED CASH FLOW STATEMENT					
Net cash inflow from operating activities		2,634		1,304	
investments and servicing of finance					
Interest received	269		408		
Interest paid and similar charges	(118)		(195)		
Income from fixed asset investments	594		648		
		745		861	
Capital expenditure and financial investment					
Purchase of tangible fixed assets	(222)		(1,649)		
Sale of tangible fixed assets	4		7		
Purchase of fixed asset investments	(3,916)		(5,983)		
Sale of fixed asset investments	3,456		5,470		
Increase in deposits awaiting investment	(132)		(136)		
		(810)		(2,291)	
Cash inflow/(outflow) before use of liquid resources and financing		2,569		(126)	
FINANCING					
Loan repayment		(405)		(404)	
Increase/(decrease) in cash		2,164		(530)	
ANALYSIS OF CHANGES IN NET FUNDS					
	CHANGE IN YEAR 2008/09		CHANGE IN YEAR 2007/08		
	2009	Cash Flows	2008	Cash Flows	2007
	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	7,361	2,164	5,197	(530)	5,727
Loan due within 1 year	(405)	-	(405)	-	(405)
Loan due after 1 year	(1,614)	405	(2,019)	404	(2,423)
TOTAL	5,342	2,569	2,773	(126)	2,899

For the year ended 30 June 2009

NOTES to the accounts

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. They also conform to the recommendations contained in the Statement of Recommended Practice: Accounting and Reporting by Charities issued by the Charity Commission published in March 2005 (SORP 2005), together with the reporting requirements of the Companies Act 2006 and the Charities Acts 1993 and 2006. A summary of the principal accounting policies, which have been applied consistently in the current and prior years, is set out below.

Basis of accounting

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

Basis of consolidation

The group accounts consolidate the accounts of all the material group companies for the year to 30 June 2009, the statement of financial activities (SOFA) and balance sheet being consolidated on a line by line basis. Transactions between group companies are eliminated on consolidation in the SOFA.

Incoming resources

Incoming resources represent the sales value of goods and services supplied excluding value added tax and sales between group companies. The directors are of the opinion that substantially all of the company's incoming resources originate in the United Kingdom and from the same class of business. All incoming resources, including research income, are recognised on the accruals basis

of accounting. Deferred incoming resources are accounted for using the accruals basis. Revenues are recognised for subscriptions on periodic despatch of subscribed product or rateably over the period of the subscription where performance is not measurable by dispatch.

Resources expended

All expenditure on research, other than that relating to books, is recognised in the year in which it is incurred. The cost of research on books is included within stocks as finished goods for completed books not yet sold, and as work in progress for those books which have not yet been completed. Wherever possible, expenditure by the charity is attributed specifically to the purpose for which it is incurred. Costs of generating funds, charitable activities and governance costs comprise direct costs, including attributable staff costs and an appropriate apportionment of support costs. Support costs, which include shared costs such as finance, in-house legal, information technology and human resources are allocated across the categories of charitable expenditure, governance costs and the costs of generating funds to ensure the indirect costs of products are recovered. The basis for the allocation of shared support costs are as follows:

■ **Management, finance & legal, human resources and direct support costs** - number of staff;

■ **Information technology** - number of staff and number of research and publishing staff.

Tangible fixed assets

All tangible fixed assets are held at cost less accumulated depreciation and any provision for impairment. Depreciation is calculated on fixed assets in order to write off their cost less residual value in equal instalments over their estimated useful lives. Previously, assets were deemed to be capital if the costs exceeded £5,000 for computer equipment and £1,000 for all other assets. During the year this was changed, and all assets are

now deemed to be capital if the costs exceed £10,000. Previously assets were assumed to have a residual value of nil, with the exception of motor vehicles, which had a residual value of 20% of their cost. This changed during the year and all assets now have a residual value of nil. An impairment review is conducted on an annual basis. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.

Asset lives are estimated as follows:

Freehold land: not depreciated

Freehold buildings: 50 years

Refurbishment of freehold buildings: 25 years

Long-term leasehold premises

(2 Marylebone Road): 125 years

Computer hardware and software: 2-5 years

Motor vehicles: 2-4 years

All other assets: 2-10 years.

Website design and content development costs are capitalised only to the extent that they lead to the creation of an enduring asset delivering benefits at least as great as the amount capitalised. If there is insufficient evidence on which to base reasonable estimates of the economic benefits that will be generated in the period until the design and content are next updated, the costs of developing the design and content are charged to the SOFA as incurred.

Asset lives are estimated as follows:

Website development costs: 3 years

Investments

Investments held as fixed assets are revalued to market value as at the balance sheet date.

Any surplus arising on revaluation is taken to the revaluation reserve. Any temporary deficits arising on revaluation are also transferred to the revaluation reserve. The SOFA includes realised and unrealised gains and losses arising from the revaluation of the investment portfolio in the year.

Investments in subsidiary companies are valued at cost. Where the directors

1 Principal accounting policies (continued)...

consider a subsidiary to have suffered a permanent diminution in value, an appropriate adjustment is made to the value of the investment in the financial statements.

Stocks

Stocks are valued at the lower of cost and net realisable value after deduction of all relevant selling and other expenses.

Work in progress

Work in progress is valued at cost, and comprises the cost of research, direct salaries and appropriate related production overheads.

Pension costs

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

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

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

triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet. Defined benefit assets are recognised only to the extent that the surplus can be recovered, either through reduced contributions in the future or through refunds from the scheme.

For the defined contribution schemes the amount charged to the SOFA in respect of pension costs and other post-retirement benefits is the total of contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Operating leases

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

Foreign exchange

Transactions denominated in foreign currencies are translated into Sterling at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are recognised 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 section 505 (1) of the Income and Corporation Taxes Act 1988. No current tax liability arose in respect of the trading subsidiary because the company makes a Gift Aid payment equal to its taxable profit to the charity.

Deferred taxation in the subsidiary is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less

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

Going concern

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

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

2 Total resources expended

	Direct costs £'000	Support costs* £'000	2008/09 £'000	2007/08 £'000
COST OF GENERATING FUNDS:				
Cost of sales	(32,745)	-	(32,745)	(32,968)
Distribution costs	(5,696)	-	(5,696)	(5,773)
Other trading expenditure	(2,044)	(7,324)	(9,368)	(10,276)
Interest payable	(118)	-	(118)	(195)
Investment management costs	-	(62)	(62)	(77)
	(40,603)	(7,386)	(47,989)	(49,289)
CHARITABLE ACTIVITIES:				
Consumer research	(8,937)	(3,546)	(12,483)	(12,768)
Promoting consumer interests	(2,804)	(1,283)	(4,087)	(3,937)
	(11,741)	(4,829)	(16,570)	(16,705)
GOVERNANCE				
	-	(367)	(367)	(306)
TOTAL RESOURCES EXPENDED	(52,344)	(12,582)	(64,926)	(66,300)
GOVERNANCE COSTS INCLUDE THE FOLLOWING:			2008/09	2007/08
			£'000	£'000
External audit:				
- for the audit of CA			(31)	(31)
- for the audit of other group companies and consolidation			(33)	(30)
Trustees' expenses			(17)	(22)
Trustees' indemnity insurance			(2)	(2)

* See note 3 for breakdown of support costs by activity.

3 Support costs

	Management £'000	Finance and legal £'000	Information technology £'000	Human resources £'000	Direct support costs £'000	2008/09 TOTAL £'000	2007/08 TOTAL £'000
COST OF GENERATING FUNDS:							
Other trading expenditure	(691)	(915)	(2,322)	(1,857)	(1,539)	(7,324)	(7,512)
Investment management costs	-	-	-	-	(62)	(62)	(77)
	(691)	(915)	(2,322)	(1,857)	(1,601)	(7,386)	(7,589)
CHARITABLE ACTIVITIES:							
Consumer research	(387)	(512)	(924)	(789)	(934)	(3,546)	(3,589)
Promoting consumer interests	(121)	(160)	(288)	(246)	(468)	(1,283)	(1,026)
	(508)	(672)	(1,212)	(1,035)	(1,402)	(4,829)	(4,615)
GOVERNANCE							
	(263)	(102)	-	-	(2)	(367)	(306)
TOTAL RESOURCES EXPENDED	(1,462)	(1,689)	(3,534)	(2,892)	(3,005)	(12,582)	(12,510)

4 Results from trading activities of subsidiaries

	2008/09	2007/08
	£'000	£'000
INCOME & EXPENDITURE ACCOUNT		
Turnover	65,807	67,609
Cost of sales	(42,269)	(42,302)
Gross profit	23,538	25,307
Distribution costs	(5,696)	(5,773)
Administrative expenses	(9,368)	(10,276)
Other operating income	27	169
Operating profit	8,501	9,427
Interest receivable and similar income	165	399
Net movement for the year	8,666	9,826
Gift aid to Consumers' Association	(9,839)	(9,767)
Retained (loss)/profit for the year	(1,173)	59
Tax on (loss)/profit on ordinary activities	-	-
Deficit brought forward	(3,735)	(3,794)
Deficit carried forward	(4,908)	(3,735)
BALANCE SHEET		
Total assets	12,642	11,957
Total liabilities	(12,250)	(10,692)

Which? Limited provides education, information and advice to the benefit of consumers through the Which? subscription and other media.

5 Net movement in funds

	2008/09	2007/08
	£'000	£'000
NET MOVEMENT OF FUNDS IS STATED AFTER CHARGING:		
Depreciation of tangible fixed assets	1,294	1,196
Impairment of tangible fixed assets	369	-
Loss on disposal of fixed assets	408	280
Loss on foreign exchange	12	46
Expenses of the Council of Management (detailed in the Council of Management Report)	17	22
Cost of liability insurance for Council of Management	2	2
Payment under operating leases charged to the SOFA:		
property rentals	206	128
other	165	76
Remuneration of auditors:		
for audit of CA	31	31
for audit of other group companies	33	30
Total audit fees	64	61
for tax services	13	11
for corporate finance services	8	8
for other services	68	87
Total non-audit fees	89	106

6 Interest payable and other similar charges

	2008/09	2007/08
	£'000	£'000
Interest on mortgage – repayable in instalments over less than five years	118	195
Total interest payable and other similar charges	118	195

7 Employees

	2008/09	2007/08
	Number of employees	Number of employees
THE AVERAGE MONTHLY NUMBER OF EMPLOYEES OF THE GROUP DURING THE YEAR WAS:		
Consumer research	98	113
Promoting consumer interests	50	42
Support activities	80	71
Trading activities	203	202
Total	431	428

THE NUMBERS OF EMPLOYEES OF THE GROUP WHO RECEIVED EMOLUMENTS IN EXCESS OF £60,000 IN THE YEAR ENDED 30 JUNE 2009 WERE:

£60,001 - £70,000	10	5
£70,001 - £80,000	5	5
£80,001 - £90,000	3	6
£90,001 - £100,000	1	3
£100,001 - £110,000	3	-
£110,001 - £120,000	-	1
£130,001 - £140,000	2	-
£150,001 - £160,000	1	1
£160,001 - £170,000	1	-
£170,001 - £180,000	-	1
£180,001 - £190,000	1	-
£200,001 - £210,000	-	1
£230,001 - £240,000	1	-
	£'000	£'000

Contributions in the year for the money purchase element of the pension scheme for the above higher paid employees were:

	2008/09	2007/08
	Number of employees	Number of employees
Of the above higher paid employees, the following number of staff have retirement benefits accruing under the company pension scheme (see note 19) :	27	22

The remuneration of the highest paid director was £236,000 (2007/08: £203,000). This comprised emoluments of £217,000 (2007/08: £190,000) and company contribution to money purchase pension scheme of £19,000 (2007/08: £13,000)

	2008/09	2007/08
	£'000	£'000
EMPLOYEE COSTS DURING THE YEAR AMOUNTED TO:		
Salaries and wages	15,471	14,574
Social security	1,665	1,567
Pension costs	1,319	1,343
Benefits in kind	153	130
Total	18,608	17,614

8 Taxation

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

9 Tangible assets

	Freehold land & buildings	Long-term leasehold premises	Fixtures fittings & equipment	Motor vehicles	TOTAL
	£'000	£'000	£'000	£'000	£'000
TANGIBLE FIXED ASSETS OF THE GROUP					
Cost					
At 1 July 2008	4,538	13,900	10,097	197	28,732
Additions	-	-	192	30	222
Disposals	-	-	(2,954)	(23)	(2,977)
At 30 June 2009	4,538	13,900	7,335	204	25,977
Depreciation					
At 1 July 2008	922	4,143	7,048	152	12,265
Depreciation charged	147	98	1,035	14	1,294
Impairment	-	-	369	-	369
Disposals	-	-	(2,547)	(16)	(2,563)
At 30 June 2009	1,069	4,241	5,905	150	11,365
Net book value					
At 30 June 2008	3,616	9,757	3,049	45	16,467
At 30 June 2009	3,469	9,659	1,430	54	14,612
TANGIBLE FIXED ASSETS OF CONSUMERS' ASSOCIATION					
Cost					
At 1 July 2008	4,538	13,900	4,065	133	22,636
Additions	-	-	192	30	222
Disposals	-	-	(1,015)	(23)	(1,038)
At 30 June 2009	4,538	13,900	3,242	140	21,820
Depreciation					
At 1 July 2008	922	4,143	2,879	88	8,032
Depreciation charged	147	98	328	14	587
Disposals	-	-	(972)	(16)	(988)
At 30 June 2009	1,069	4,241	2,235	86	7,631
Net book value					
At 30 June 2008	3,616	9,757	1,186	45	14,604
At 30 June 2009	3,469	9,659	1,007	54	14,189

'Fixtures, fittings and equipment' includes computer hardware and software and website development costs. 'Freehold land & buildings' includes land with a cost of £1,550,000 (2008: £1,550,000). The properties of Consumers' Association, together with associated fixtures and fittings and equipment are used both by staff employed by the charity and by its trading subsidiary. An appropriate proportion of the operating costs is shared by each company, but it is not considered practicable to divide the value of the assets between those used by the charity for its own purposes and those used for trading. 'Freehold land & buildings' represents Consumers' Association's property at Gascoyne Way, Hertford. 'Long-term leasehold premises' represents Consumers' Association's property at Marylebone Road, London.

The impairment charge of £369,000 (2007/08: £nil) related to website development costs which were capitalised during the year ended 30 June 2008. Following a review by management of the performance of these assets, the impairment charge was recognised in order to reduce the carrying value to a recoverable amount.

10 Fixed asset investments of the group and Consumers' Association

	Deposits awaiting investment	Market value of authorised UK unit trusts	TOTAL
	£'000	£'000	£'000
Balance at 1 July 2008	1,068	21,756	22,824
Income from investments	592	2	594
Purchases during the year	(3,916)	3,916	-
Sales during the year	3,456	(3,456)	-
Unrealised losses on investments	-	(3,611)	(3,611)
Realised losses on investments	-	(618)	(618)
Balance at 30 June 2009	1,200	17,989	19,189
HISTORICAL COST			
At 30 June 2008		20,677	
At 30 June 2009		20,663	

Fixed asset investments consist of direct holdings in fixed interest bonds and loans, UK and international equities and cash. The portfolio is managed by Rensburg Sheppard's Investment Management Limited. One investment in a security exceeded 5% of the total value of the portfolio. The investment was held in Traditional Funds Thames River Global Bonds and was worth 5.1% of the total value of the portfolio.

11 Investments in subsidiary and associated undertakings

	GROUP		CONSUMERS' ASSOCIATION	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
SHARES IN SUBSIDIARY & ASSOCIATED COMPANIES AT COST				
At 30 June	25	25	5,025	5,025
Council considers that the market value of the subsidiary and associated undertakings is not less than their carrying value. At 30 June 2009 the subsidiaries and associated undertakings of the Consumers' Association, all of which are registered in England and Wales, were as follows:				
Company	Holding	Proportion held	Nature of business	
Which? Limited	Ordinary Shares	100%	Publishing	
The Good Food Club Limited	Ordinary Shares	100%	Dormant	
International Consumer Research and Testing Limited	'A' Ordinary Shares	20%	Consumer research on international basis	
IN ADDITION, THE SUBSIDIARY AND ASSOCIATED COMPANIES OF WHICH? LIMITED WERE AS FOLLOWS:				
Trading Standards Services Limited	Ordinary Shares	100%	100%	Dormant
Charco 1178 Limited	Ordinary Shares	100%	100%	Holding company

International Consumer Research and Testing Limited has not been accounted for under the equity accounting method as the effect on the group accounts is not considered material.

12 Relationships

Political and charitable contributions and related party transactions

No political contributions were made during the year (2007/08: £nil). Total charitable donations were £90,000 (2007/08: £110,000).

Research Institute for Consumer Affairs (RICA)

The group made a donation of £75,000 during the year to the registered charity the Research Institute for Consumer Affairs (2007/08: £50,000) as a general grant to cover operating expenses. Although RICA is an independent charity, it shares two common trustees with Consumers' Association. In addition, the level of funds it received from the group represents a material proportion of its own income.

International Consumer Research and Testing Ltd (ICRT)

During the year, Consumers' Association paid £68,123 (2007/08: £62,176) membership fees to ICRT, a 20% associate undertaking. In addition, a further £831,319 (2007/08: £628,911) was paid in respect of commission for work secured through the offices of

ICRT. The amount payable to ICRT at 30 June 2009 was £387,660 (2007/08: £306,028). During the year, the group paid some of ICRT's operational costs for which it is fully reimbursed.

Consumers' International (CI)

Throughout the year, Consumers' Association was a member of CI, the international federation of consumer organisations. Consumers' Association contributes a significant proportion of CI's non-grant income and a senior CA manager serves on the governing council of CI. During the year Consumers' Association paid £294,000 (2007/08: £269,880) in membership fees. It also provided various support services without charge.

In addition, Consumers' Association paid some of CI's operational costs for which it is fully reimbursed.

Bureau Européen des Unions de Consommateurs (BEUC)

Throughout the year, Consumers' Association was a member of BEUC, the pan-European federation of consumer organisations. Consumers' Association contributes a significant proportion of BEUC's non-grant income. During the year, Consumers' Association paid £297,268 (2007/08: £252,767) in membership fees.

No balance was outstanding at either year end.

Council members

There were no material transactions with Council members, their close families or parties with whom Council members are related, other than those disclosed for RICA. Council members do not receive any payment for their services (2007/08: £nil). They are reimbursed for travel and accommodation expenses incurred in the performance of their duties and Consumers' Association purchased indemnity insurance to protect Council members (see note 5).

Sheila McKechnie Foundation (SMK)

During the year, the group paid a £15,000 (2007/08: £60,000) donation to the registered charity, the Sheila McKechnie Foundation. The group also provided donated facilities and services in the form of fully-serviced office space for part of the year and other ongoing support services with a market value of approximately £12,000 (2007/08: £18,000). Although SMK is an independent charity it shared one common trustee with Consumers' Association who was also a trustee and director of SMK until December 2008.

13 Stocks

	GROUP		CONSUMERS' ASSOCIATION	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Work in progress	81	90	-	-
Finished goods	110	93	-	-
Total stocks	191	183	-	-

14 Debtors

	GROUP		CONSUMERS' ASSOCIATION	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Trade debtors	235	241	14	19
Amount due from group undertakings	-	-	5,037	2,334
Other debtors	1,209	1,164	1,179	1,139
Prepayments and accrued income	1,564	1,535	927	819
Subscriptions due	4,007	3,920	-	-
Total debtors	7,015	6,860	7,157	4,311

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

15 Creditors: Amounts falling due within one year

	GROUP		CONSUMERS' ASSOCIATION	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Trade creditors	5,119	4,772	2,232	1,555
Taxation and social security	660	561	424	367
Other creditors	60	258	1	181
Accruals and deferred income	2,065	2,672	991	1,233
Subscriptions received in advance	3,258	3,431	-	-
Mortgage: 2 Marylebone Road (see note 16)	405	405	405	405
Total creditors (less than one year)	11,567	12,099	4,053	3,741

16 Creditors: Amounts falling due after more than one year

	GROUP		CONSUMERS' ASSOCIATION	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Mortgage: 2 Marylebone Road	1,614	2,019	1,614	2,019
Total creditors (over one year)	1,614	2,019	1,614	2,019

The mortgage on 2 Marylebone Road is for a term of 25 years and is repayable in 23 annual instalments which commenced on 6 March 1992; it has been secured by a first charge over the leasehold property at 2 Marylebone Road. The rate of interest payable on the mortgage is based on the London Interbank Offer Rate plus 0.75% associated costs. The outstanding loan at 30 June 2009 represented 21% of the net book value of the leasehold property (see note 9).

Analysis of payments due on creditors over one year:				
Amounts repayable between one and two years	405	405	405	405
Amounts repayable between two and five years	1,209	1,614	1,209	1,614
Mortgage repayable after more than one year	1,614	2,019	1,614	2,019

17 Future commitments

	GROUP		CONSUMERS' ASSOCIATION	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
AT 30 JUNE 2009 THE GROUP HAD ANNUAL COMMITMENTS UNDER PROPERTY LEASES AS FOLLOWS:				
Expiring within one year	7	24	7	24
Expiring after more than five years	150	100	150	100
Total lease payments	157	124	157	124

18 Movement of funds during the year

	Unrestricted charity funds	Revaluation reserve	Accumulated deficit of trading subsidiaries	Group funds
	£'000	£'000	£'000	£'000
Funds at 1 July 2008	38,881	2,292	(3,735)	37,438
Net outgoing resources before gift aid payment	(6,663)	-	-	(6,663)
Revaluation of investment assets (note 10)	-	(3,611)	-	(3,611)
Realised gains on investments	(618)	-	-	(618)
Trading profit before gift aid	-	-	8,666	8,666
Gift aid payments from subsidiaries to charity	9,839	-	(9,839)	-
Balance at 30 June 2009	41,439	(1,319)	(4,908)	35,212

19 Pensions

The group operates a pension scheme with two sections – a hybrid section that combines the features of defined benefit and defined contribution schemes and provides benefits based on the higher of a final salary pension and a money purchase pension, and a defined contribution only section. It is funded by contributions from both employer and employees. The assets of the scheme are held separately from those of the employer and are invested on behalf of scheme members by the scheme trustees.

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation as at 31 March 2009 and updated by an independent qualified actuary employed by Punter Southall & Co to take account of the requirements of FRS 17 in order to assess the assets and liabilities of the scheme at 30 June 2009. The calculations have been based on membership data as at 31 March 2009. Scheme assets are

stated at their market value at 30 June 2009, except that an allowance is made for accrued terminal bonuses in respect of the with-profits contract. Scheme liabilities are calculated using the projected unit method.

The final results of the full triennial valuation as at 31 March 2009 are not yet available, although early indications are that this will produce a less favourable position than FRS 17, probably a significant deficit. When the exercise is complete, Council will consider the outcome and take action as necessary.

Due to FRS 17 requirements, it is no longer appropriate to amalgamate the hybrid and defined contribution section and the disclosures (including comparatives) have therefore been based on the hybrid section of the scheme only. Asset values shown exclude money purchase additional voluntary contributions and money purchase transfers-in under the hybrid scheme. Corresponding liabilities for these benefits

are equal to their asset values and are similarly excluded.

Employer contributions made to the scheme in the accounting period totalled £1,319,000. Contributions were paid at the rate of 11.7% per annum of pensionable salaries under the hybrid contribution section of the scheme until 30 September 2007, 11.1% per annum until 31 March 2008 and 10.4% per annum thereafter. Contributions were paid at the rate of 11.0% per annum of pensionable salaries under the defined contribution sections of the scheme. As the hybrid scheme is closed to new members, under the projected unit method the current service cost will increase as the members of the scheme approach retirement.

19 Pensions (cont)...

	30 June 2009	30 June 2008		
THE FINANCIAL ASSUMPTIONS USED TO CALCULATE SCHEME LIABILITIES UNDER FRS 17 ARE:				
Rate of increase in pensionable salaries	4.5%	5.0%		
Rate of increase in pensions in payment	3.5%	4.0%		
Rate of increase in fixed pensions in payment	5.0%	5.0%		
Discount rate	6.2%	6.6%		
Inflation assumption	3.5%	4.0%		
Return on MP fund	7.0%	7.0%		
ASSUMED LIFE EXPECTANCIES ON RETIREMENT AT AGE 65 ARE:				
Retiring today				
Males	21.4	22.0		
Females	23.9	24.8		
Retiring in 20 years time				
Males	23.2	23.1		
Females	26.7	25.9		
	Long-term rate of return expected at 30 June 2009	Long-term rate of return expected 30 June 2008	Value at 30 June 2009	Value at 30 June 2008
THE EXPECTED RATES OF RETURN ON ASSETS WERE:			£m	£m
Equities	6.4%	6.8%	18.4	20.1
Bonds and cash	4.9%	5.3%	25.3	25.1
With-profits fund	7.0%	7.0%	22.2	25.0
Total	6.0%	6.3%	65.9	70.2
The actual return on assets over the period was			(3.3)	1.2
	At 30 June 2009	At 30 June 2008	At 30 June 2007	
	£m	£m	£m	
NET PENSION ASSET/(LIABILITY)				
Total market value of assets	65.9	70.2	70.2	
Actuarial value of liability	(65.4)	(66.6)	(69.1)	
Unrecognised surplus	(0.5)	(3.6)	(1.1)	
Net pension asset/(liability)	-	-	-	
	2008/09	2007/08		
	£m	£m		
ANALYSIS OF THE AMOUNT CHARGED TO NET INCOMING RESOURCES IN RESPECT OF THE HYBRID SECTION OF THE SCHEME				
Current service cost	0.6	0.7		
Total net incoming resources charge	0.6	0.7		
EMPLOYER CONTRIBUTION RATE TO THE HYBRID SECTION				
30 June 2007 to 30 September 2007	11.7% of pensionable salaries			
1 October 2007 to 31 March 2008	11.1% of pensionable salaries			
1 April 2008 to 30 June 2009	10.4% of pensionable salaries			
Standard employer contribution rate under FRS 17 as at 30 June 2008	11.1% of pensionable salaries			

Additionally contributions are paid to the Defined Contribution Section at a rate of 11.0% of pensionable salaries, which equated to £1.0m over the year ended 30 June 2009.

19 Pensions (continued)...

	2008/09 £m	2007/08 £m			
ANALYSIS OF THE AMOUNT CREDITED TO OTHER FINANCE INCOME					
Expected return on hybrid section assets	4.4	4.3			
Interest on pension hybrid section liabilities	(4.4)	(4.0)			
Net return	-	0.3			
	At 30 June 2009 £m	At 30 June 2008 £m			
RECONCILIATION OF OPENING AND CLOSING BALANCE OF THE PRESENT VALUE OF THE SCHEME LIABILITIES					
Balance at 1 July	66.6	69.1			
Current service cost	0.6	0.7			
Interest cost	4.4	4.0			
Contributions by scheme participants	0.2	0.3			
Actuarial gain	(4.6)	(5.4)			
Benefits paid	(1.8)	(2.1)			
Balance at 30 June	65.4	66.6			
RECONCILIATION OF OPENING AND CLOSING BALANCE OF THE PRESENT VALUE OF THE SCHEME ASSETS					
Balance at 1 July	70.2	70.2			
Expected return on scheme assets	4.4	4.3			
Actuarial loss	(7.7)	(3.1)			
Contributions by employers	0.5	0.6			
Contributions by plan participants	0.2	0.3			
Benefits paid	(1.7)	(2.1)			
Balance at 30 June	65.9	70.2			
	2008/09 £m	2007/08 £m			
AMOUNT RECOGNISED IN OTHER RECOGNISED GAINS AND LOSSES					
Actual return less expected return on plan assets	(7.7)	(3.1)			
Actuarial gains/(losses) arising on plan liabilities	4.6	5.4			
Reduction in / (additional) amount of unrecognised surplus	3.1	(2.5)			
Actuarial gains/(losses) recognised in other recognised gains and losses	-	(0.2)			
	30 June 2009	30 June 2008	30 June 2007	30 June 2006	30 June 2005
HISTORY OF EXPERIENCE GAINS AND LOSSES					
Difference between the expected and actual return on hybrid section assets:					
Present value of scheme liabilities (£m)	65.4	66.6	69.1	68.5	71.4
Fair value of scheme assets (£m)	65.9	70.2	70.2	60.9	58.5
Surplus/(deficit) in the scheme (£m)	0.5	3.6	1.1	(7.6)	(12.9)
Experience adjustments arising on scheme assets (£m)	(7.7)	(3.1)	1.7	3.8	3.7
Percentage of hybrid section assets	(12%)	(4%)	2%	6%	6%
Experience gains and losses on hybrid section liabilities:					
Amount (£m)	4.9	(1.1)	(1.6)	(4.0)	-
Percentage of present value of hybrid section liabilities	8%	(2%)	(2%)	(6%)	-
Total amount recognised in other recognised gains and losses:					
Amount (£m)	-	(0.2)	2.5	5.5	(10.0)
Percentage of present value of hybrid section liabilities	-	(0%)	4%	8%	(14%)
Cumulative actuarial gains/(losses) shown in the STRGL (£m)	(3.0)	(3.0)	(1.7)	(5.3)	(8.2)

The hybrid scheme was closed to new members in March 2004, in order to contain the group's financial exposure from the final salary element of the combined scheme. This has been replaced for new members with a separate defined contribution scheme, to which the employer contributes 11% of pensionable salary.

2008/09

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 Patrick Barwise
 Daniel Bogler (from March 2009)
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 Niall Dickson
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 Margaret Ginman
 Tanya Heasman
 Sue Leggate
 Natalie Macdonald
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 Roger Pittock
 Paul Preston (from March 2009)
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 Alison Thorne (from March 2009)
 Gary Waller
 James Woodward-Nutt (until March 2009)
 Steve Woolgar (until March 2009)
 Brian Yates
 John Zealley

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 Chris Gardner (Commercial Director)
 Helen McCallum (Policy and Communications Director)
 Helen Parker (Editorial Director)
 Martin Webster (Finance and Operations Director)

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