Which? Limited

Registration number 677665

Directors' report

and audited financial statements

for the year ended 30 June 2011

Which? Limited
Registration number 677665

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Which? Limited
Registration number 677665

Directors' report
for the year ended 30 June 2011

The directors present their report and the audited financial statements of Which? Limited ('Company') for the year ended 30 June 2011

Business review and principal activities
This Company is a wholly-owned subsidiary of the charity, Consumers' Association, and operates as its principal trading subsidiary

The Company's principal activities are the provision of education, information and advice for the benefit of consumers through the Which? subscription magazines and other media There have not been any significant changes in the Company's principal activities in the year under review The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year The Company will continue to promote its publications and online offerings in the forthcoming year and will also endeavour to increase its revenue through the introduction of additional commercial ventures that are consistent with the aims of the Company

As shown in the Company's profit and loss account on page 5, the Company's turnover has increased by a further 7% (£4 6m) year on year, compounding the growth achieved in previous years This revenue increase, generated primarily by subscription growth was the main factor in the profit on ordinary activities before gift aid rising by £3 0m to £15 0m.
Overall our subscription products performed extremely well Within our products, Which? magazine reached a 14 year high, both Which? Online and Which? Computing delivered all time high subscription numbers at the year end, while Which? Gardening performed extremely strongly in the second half of the year Which? Money and Which? Legal Service also reported membership growth to also deliver all time high subscription levels, although Which? Travel (formerly Which? Holiday) suffered a small fall year on year Overall subscriptions across the business grew by 9% to close the year at 1,331,000
The balance sheet on page 6 of the financial statements shows the company's financial position at the end of the year Net assets of £3 9m were £1 2m less than the previous year primarily due to a larger loss after gift aid being made This loss incorporated an impairment of £1 7m, relating to the investment made in Peto Place Investments Limited, reflecting an identical impairment being made in that entity's books related to the performance of its investment in PP Mobile Switching (a wholly owned subsidiary)
During the year, the Company invested a further £2 5m in its subsidiary (Peto Place Investments) in order to fund commercial ventures within the group, in particular the development of Right Choice magazine in India and a mortgage advice service in the UK

The Company makes a Gift Aid payment in excess of its taxable profit to its parent undertaking, Consumers' Association, which is a registered charity

Which? is the business name of both Consumers' Association and Which? Limited Which? manages its operations on a group basis For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business The performance of the group, which includes the Company, is disclosed in the Consumers' Association Annual Report which does not form part of this report

Principal risks and uncertainties
Which? Limited generates the majority of its income from subscriptions In line with other service based sectors, the Company is vulnerable to a downturn in the economy and has attempted to mitigate this by ensuring that its products are seen to add more value to consumers than they cost Again, there has been significant investment in marketing campaigns to attract new members to Which? Improving the effectiveness of our marketing and ensuring that our products add value to our customers have been essential in delivering the year on year membership increase

Our brand is key to our success and reputational risk poses a significant potential concern We have tried-and-tested review processes to ensure that we minimise our exposure and we adopt a robust legal approach to protect our brand against attempts to capitalise on it by third parties

Going concern
After making enquiries, the directors have a reasonable expectation that the Company 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 of the Company Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements

Directors' report (continued)
for the year ended 30 June 2011

Environment
Which? recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities The Company operates in accordance with group policies Initiatives designed to minimise the Company's impact on the environment include recycling and reducing energy consumption.

Political and charitable contributions
There were no donations made to political organisations during the year (2009-10 nil) Payments to charities through Gift Aid totalled £16 2m (2009-10 £12 3m) All of this was paid to Consumers' Association, the ultimate parent company

Bankers and professional advisers
Which? Limited's principal bankers are
Barclays Bank plc, The Lea Valley Group, 78 Turners Hill, Cheshunt, Herts EN8 9BW
Which? Limited's independent auditor and tax advisers are
Deloitte LLP, 2 New Street Square, London EC4A 3BZ
In addition to our legal staff employed within the group, Which? Limited uses a number of leading firms of solicitors for specialist legal advice

Directors
The directors who served during the year and after the year end are as follows

		Date of appointment	Date of resignation
Mike Clasper CBE	(Chairman)		
Peter Vicary-Smith			
Chris Gardner			
Gary Waller			Feb-11
Neil Cameron			
Tanya Heasman			
Kevin Wall			
Patrick Barwise			
Helen Parker		Oct-10	
Jacques Cadranel		Oct-10	
John Zealley		Feb-11	
Claudia Arney		Mar-11	
Andrew Mullins		Mar-11	

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

(1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

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

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting

Approved by the Board and signed on its behalf by

Peter Vicary-Smith
Director
4th October 2011
2 Marylebone Road, London

Which? Limited
Registration number 677665

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these financial statements, the directors are required to

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

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

The directors are 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

Independent auditor's report to the members of Which? Limited

We have audited the financial statements of Which? Limited for the period ended 30 June 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

give a true and fair view of the state of the Company's affairs as at 30 June 2011 and of its loss for the year then ended,

have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and

have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or

the financial statements are not in agreement with the accounting records and returns, or

certain disclosures of directors' remuneration specified by law are not made, or

we have not received all the information and explanations we require for our audit

M. R. Lee-Amies

Mark Lee-Amies, FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
4th October 2011

Which? Limited
Registration number 677665

Profit and loss account
for the year ended 30 June 2011

	Notes	2010-11 £000	2009-10 £'000
Turnover	1	74,478	69,879
Cost of sales		(42,164)	(42,481)
Gross profit		32,314	27,398
Distribution costs		(6,191)	(6,022)
Impairment of fixed asset investments		(1,700)	-
Administrative expenses		(9,489)	(9,412)
Other operating income		19	3
		(17,361)	(15,431)
Operating profit	3	14,953	11,967
Interest receivable and similar income		61	68
Profit for the year on ordinary activities before gift aid		15,014	12,035
Gift aid payment made to parent undertaking	2	(16,171)	(12,344)
Loss for the year on ordinary activities after taxation	12	(1,157)	(309)
Accumulated loss brought forward at 1 July		(4,930)	(4,621)
Retained loss for the year	12	(1,157)	(309)
Accumulated loss carried forward at 30 June		(6,087)	(4,930)

There is no difference between the profit for the year on ordinary activities before gift aid and the retained loss for the year stated above, and their historical cost equivalents

The figures above relate entirely to continuing operations

There are no recognised gains and losses for the current and preceding financial years other than the loss of £1,157,000 (2009-10 - loss of £309,000) shown above Therefore, no separate statement of total recognised gains or losses has been presented

The accompanying notes are an integral part of this profit and loss account

Which? Limited

Balance sheet as at 30 June 2011

	Notes	2011 £'000	2011 £000	2010 £'000	2010 £000
Fixed assets					
Tangible assets	6		1,950		191
Investments in subsidiary	7		5,300		4,500
			7,250		4,691
Current assets					
Stocks	8	80		307	
Debtors	9	7,855		5,915	
Short term deposits		2,506		-	
Cash at bank and in hand		4,009		7,245	
		14,450		13,467	
Creditors amounts falling due within one year					
Creditors	10	(17,787)		(13,088)	
		(17,787)		(13,088)	
Net current (liabilities) / assets			(3,337)		379
Total assets less current liabilities, and net assets			3,913		5,070
Capital and reserves					
Called-up share capital	11		10,000		10,000
Profit and loss account	12		(6,087)		(4,930)
Shareholder s funds	12		3,913		5,070

The financial statements of Which? Limited (registered number 677665) were approved by the board of directors and authorised for issue on 4th October 2011 They were signed on its behalf by

Director

Peter Vicary-Smith

Notes to the financial statements for the year ended 30 June 2011

1 Principal accounting policies

The principal accounting policies are summarised below They have all been applied consistently throughout the year and the preceding period

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards

As permitted by section 400 of the Companies Act 2006, the Company has not prepared consolidated financial statements as it is a wholly-owned subsidiary undertaking of Consumers' Association, a company registered in England and Wales which prepares publicly available consolidated financial statements including the results of Which? Limited and its subsidiary undertakings These financial statements present information about the Company as an individual undertaking and not about its group

Cash flow statement

The Company is a wholly owned subsidiary of Consumers Association and the cash flows of the Company are included in the consolidated group cash flow statement of Consumers' Association Consequently, the Company is exempt from the requirement to publish a cash flow statement under FRS 1 (Revised 1996)

Tangible fixed assets and depreciation

Tangible fixed assets are stated on the balance sheet at cost less accumulated depreciation and provision for impairment Depreciation is calculated on fixed assets in order to write off their cost less residual value in equal instalments over their estimated useful lives Assets are deemed to be capital if the cost exceeds £10,000 and are assumed to have a residual value of £nil An impairment review is conducted on an annual basis in accordance with FRS15 'Tangible fixed assets" If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly to its recoverable amount

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 profit and loss account as incurred

Asset lives are estimated as follows

Computer hardware and software	2 - 5 years
Motor vehicles	4 years
Website development costs	3 years
All other assets	2 - 10 years

Turnover

Turnover represents the sales value of goods and services supplied net of Value Added Tax Turnover is stated net of commission The directors are of the opinion that substantially all of the Company's turnover originates in the United Kingdom and from the same class of business and accordingly no segmental analysis has been presented

Revenues are recognised for subscriptions on periodic dispatch of the subscribed product or rateably over the period of the subscription where performance is not measured by dispatch

Investments in subsidiary and associated undertakings

Investments are carried at cost less provision for impairment

Stocks and work-in-progress

Stocks are valued at the lower of cost and net realisable value after deduction of all relevant selling and other expenses Work-in-progress relates to books in production, and is valued at cost and comprises the cost of direct salaries and appropriate related production overheads

1 Principal accounting policies (continued)

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates 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 within the profit and loss account

Pension costs

The Company participates in a group pension scheme with two sections - a hybrid scheme that combines the features of a defined benefit and a defined contribution scheme and provides benefit based on the higher of a final salary pension and a money purchase pension, and a defined contribution only section The hybrid scheme was closed to new entrants on 1 April 2004

As it is not possible for the Company to identify its share of the underlying assets and liabilities of the group scheme, therefore as allowed under FRS 17 the Company accounts for the scheme as a defined contribution scheme

For the defined contribution schemes the amount charged to the profit and loss account 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

Taxation

No current tax liability arose because the Company makes Gift Aid payments in excess of its taxable profit to its parent undertaking, Consumers Association, which is a registered charity

Deferred taxation 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 enacted or substantially enacted at the balance sheet date Timing differences arise from the inclusion of items of income and expenditure 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 Company's business activities, together with the factors likely to affect its future development performance and position are set out in the Directors' report The group is funded primarily by retained earnings and has significant cash reserves and liquid investments The Company and group generate the majority of their cash in the form of subscription income The Company does not rely on external funding for day-to-day working capital requirements Management do not expect that it will be necessary to rely on external sources of debt finance in the foreseeable future

After making enquiries, the Directors have a reasonable expectation that the Company and group have adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements of the Company

Notes to the financial statements for the year ended 30 June 2011 (continued)

2 Gift Aid

	2010-11	2009-10
	£000	£000
Gift Aid	16,171	12,344
	16,171	12,344

3 Operating profit

	2010-11	2009-10
	£000	£'000
Operating profit is stated after charging		
Depreciation of tangible fixed assets	197	216
Loss on disposal of fixed assets	-	16
The analysis of auditors remuneration is as follows		
Fees payable to the Companys auditor for the audit of the Company's annual accounts	28	28
Non-audit fees		
Tax services	-	8
Corporate finance services	28	35
Other services	-	15
Total non-audit fees	28	58

4 Directors and employees

a) The average monthly number of employees during the year to 30 June 2011 was 220 (2009-10 205) All of the staff were engaged in trading activities

b) Employee costs (excluding directors) during the year amounted to	2010-11	2009-10
	£'000	£000
Salaries and wages	7,022	6,605
Social security costs	763	709
Pension costs (see note 13)	604	538
Benefits in kind	72	54
	8,461	7,906

c) Directors remuneration	2010-11	2009-10
	£000	£000
Emoluments	530	284
Compensation for loss of office	-	39
	530	323

Directors emoluments include retirement benefits accruing to four (2009-10 2) of the directors under the groups defined contribution scheme and one (2009-10 1) of the directors under the groups hybrid scheme

Emoluments of five directors (2009-10 3) were paid by Consumers' Association and were recharged to the Company based on estimated time spent

The remuneration of the highest paid director in relation to services to Which? Limited was £227,000 (2009-10 £218,000) This was made up of emoluments of £214,000 (2009-10 £206,000) and company contributions to money purchase schemes of £13,000 (2009-10 £12,000)

Notes to the financial statements for the year ended 30 June 2011 (continued)

5 Taxation	2010 11 £'000	2009-10 £ 000
UK corporation tax @ 27 5% (2009 10 28%)	-	-

Factors affecting tax charge for the current period
The tax assessed for the period is lower than that resulting from applying the effective rate of corporation tax in the UK 27 5% (2009-10 28%)

The differences are explained below

Loss on ordinary activities before taxation	(1,157)	(309)
Tax at 27 5% (2009-10 28%) thereon	(318)	(87)
Effects of		
Expenses not deductible for tax purposes	473	109
Capital allowances in excess of depreciation	(142)	(58)
Movement in short term timing differences	(13)	36
Tax charge for the period	-	-

A deferred tax asset of £320,130 relating to fixed assets and short term timing differences has not been recognised due to uncertainty over future recoverability The asset would be recovered if sufficient future tax-adjusted profits were to arise against which it could be offset, but as the Company pays its profits up to the Consumers' Association under Gift Aid, it is considered unlikely that taxable profits would arise

Notes to the financial statements for the year ended 30 June 2011 (continued)

6 Tangible fixed assets

	Fixtures fittings and equipment	Total
	£000	£000
Cost		
At 1 July 2010	2,225	2,225
Additions	1,956	1,956
Disposals	(55)	(55)
At 30 June 2011	4,126	4,126
Depreciation		
At 1 July 2010	2,034	2,034
Depreciation charged	197	197
Disposals	(55)	(55)
At 30 June 2011	2,176	2,176
Net book value		
At 30 June 2010	191	191
At 30 June 2011	1,950	1,950

Fixtures, fittings and equipment includes computer hardware and software and website development costs

7 Investments in subsidiaries and associated undertakings

Which? Limited held the following investments, which are registered in England and Wales

	Principal activity	Holding	Percentage owned 2011
Peto Place Investments Limited	Holding company	Ordinary Shares	100%

Subsidiary undertakings

	£000
Cost and net book value	
At 1 July 2010	4,500
Additions	2,500
At 30 June 2011	7,000
Provision for impairment	
At 1 July 2010	-
Written off	(1,700)
At 30 June 2011	(1,700)
Net book value	
At 30 June 2011	5,300

During the year Which? Limited increased its investment in Peto Place Investments Limited by £2 5m Peto Place Investments Limited continues to invest funds in its wholly-owned subsidiaries This includes Yellowfin Holdings Limited (a Mauritian company), which in turn invested funds in its wholly-owned subsidiary, BGG Information Private Limited (an Indian company) to develop the magazine Right Choice within the Indian market

The Directors have considered the market value of the subsidiaries and the associated undertakings and have impaired the investment in Peto Place Investments Limited by £1,700,000 (2009-10 £Nil) following an identical impairment by Peto Place Investments Limited of its investment in PP Mobile Switching Limited, as the Directors considered the carrying value to be less than the market value

The Directors consider that the market value of the remaining subsidiaries and associated undertakings is not less than their carrying value

8 Stocks

	2011 £000	2010 £000
Work-in-progress	14	237
Finished goods	66	70
Total stocks	80	307

9 Debtors

	2011 £'000	2010 £000
Trade debtors	403	309
Amounts due from group undertakings	1,153	593
Other debtors	832	34
Prepayments and accrued income	530	490
Subscriptions due	4,937	4,489
Total debtors	7,855	5,915

10 Creditors: amounts falling due within one year

	2011 £000	2010 £000
Trade creditors	2,467	2,894
Amounts due to group undertakings	10,497	5,329
Taxation and social security	299	306
Other creditors	150	118
Accruals and deferred income	1,168	1,136
Subscriptions received in advance	3,206	3,305
Total creditors	17,787	13,088

Details of the employees and related costs can be found in note 4 to the financial statements on page 9

11 Called-up share capital

	2011 £000	2010 £000
Allotted, called-up and fully-paid		
10m (2010 10m) ordinary shares of £1 each	10,000	10,000

12 Reserves

	Share capital £'000	Profit and loss account £'000	Total £000
At 1 July 2010	10,000	(4,930)	5,070
Loss for the financial year	-	(1,157)	(1,157)
At 30 June 2011	10,000	(6,087)	3,913

13 Staff pensions

The hybrid section of the Consumers Association pension 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 Contributions to the hybrid section for the year beginning 1 July 2011 are expected to be £2 0m

Employer contributions made to the scheme in the accounting period totalled £3 7m Contributions were paid at the rate of 13% per annum of pensionable salaries under the hybrid contribution section of the scheme Contributions for Which? Limited employees were paid at the rate of 11 0% per annum of pensionable salaries under the defined contribution section of the scheme

As set out above, the Company participates in a group pension scheme As it is not possible for the Company to identify its share of the underlying assets and liabilities of the group scheme, under FRS 17 the Company has accounted for the scheme as a defined contribution scheme The amounts required to be disclosed under FRS 17 in respect of the group are set out in the financial statements of the parent company, Consumers Association

14 Ultimate parent company and ultimate controlling party

The ultimate parent company and ultimate controlling party is Consumers' Association, a company limited by guarantee, incorporated in Great Britain and registered in England and Wales, which is the smallest and largest group into which the Company is consolidated The results of the company are included in the group accounts of Consumers Association which are available from the companys registered office at 2 Marylebone Road, London, NW1 4DF

15 Related party transactions

Which? Limited has taken advantage of the exemption in FRS 8 not to disclose any transactions or balances with related parties that are wholly-owned subsidiaries of the group, headed by Consumers Association