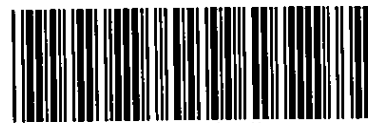


Which? Financial Services Limited  
(formerly PP Financial Services Limited)

Registration number 7239342

Directors' report  
and audited financial statements  
for the period year 30 June 2012

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**Which? Financial Services Limited**  
**Registration number 7239342**

	<b>Page</b>
Directors' report	1 - 2
Directors' responsibilities statement	3
Independent auditor's report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 10

**Which? Financial Services Limited**  
**Registration Number 7239342**

**Directors' report**  
**for the year ended 30 June 2012**

The directors present their report and the audited financial statements of Which? Financial Services Limited ('Company') for the year ended 30 June 2012. Until 29 March 2012 Which? Financial Services Limited was known as PP Financial Services Limited. This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

#### **Business review and principal activities**

This Company is a wholly owned subsidiary of Which? International Limited (previously known as Peto Place Investments Limited). The ultimate parent company is Consumers' Association.

The Company's principal activity is providing a mortgage broking service offering customers the best deals from every mortgage from all available lenders. The Company began trading in the latter part of 2010 after being granted a licence by the FSA and performance has improved over the year with the customer base expanding beyond the existing Which? subscribers. 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.

As shown in the Company's profit and loss account on page 5 the Company made a loss on ordinary activities of £1,296,650 (2010-11 £842,879) reflecting the continued development of business operations.

The balance sheet on page 6 of the financial statements shows the Company's financial position at the end of the period. Net assets were £360,471 (2011 £457,122).

Which? is the business name of the group including Consumers' Association and Which? Financial Services 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 discussed in the Consumers' Association Annual Report which does not form part of this report.

#### **Going concern**

After making enquiries, and taking into account the letter of support received from Which? Limited, the directors have a reasonable expectation that the group and 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. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

#### **Environment**

Which? recognises the importance of its environmental responsibilities and monitors its impact on the environment. It 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.

Which? Financial Services Limited  
Registration Number 7239342

Directors' report (continued)  
for the year ended 30 June 2012

**Political and charitable contributions**

There were no donations made to political organisations or charities during the year

**Bankers and professional advisers**

Which? Financial Services Limited's principal bankers are  
Barclays Bank plc, The Lea Valley Group, 78 Turners Hill, Cheshunt, Herts EN8 9BW  
Which? Financial Services Limited's independent auditor and tax advisers are  
Deloitte LLP, 2 New Street Square, London EC4A 3BZ

**Directors**

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

	Date of appointment	Date of resignation
Chris Gardner (Chairman)		
Kim Brosnan		
Nick Castro		
Jacques Cadranet		
Michael Lawton	20 February 2012	
Matthew Cooper	1 July 2012	

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 made 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



Chris Gardner  
Director  
18 October 2012  
2 Marylebone Road  
London

**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? Financial Services Limited**

We have audited the financial statements of Which? Financial Services Limited for the year ended 30 June 2012 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. 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 2012 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, or  
the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report.

*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  
18 October 2012

Profit and loss account  
 for the year ended 30 June 2012

	Note	2011-12 £	Period from incorporation on 29 April 2010 to 30 June 2011 £
Turnover		253,945	10,498
Cost of sales		(812,321)	(338,178)
Gross loss		<u>(558,376)</u>	<u>(327,680)</u>
Administrative expenses		(738,274)	(515,199)
Operating loss on ordinary activities before taxation	2	<u>(1,296,650)</u>	<u>(842,879)</u>
Tax on loss on ordinary activities	4	-	-
Loss on ordinary activities after taxation	9	<u><u>(1,296,650)</u></u>	<u><u>(842,879)</u></u>
Accumulated loss brought forward at 1 July		(842,879)	-
Loss for the financial year	9	(1,296,650)	(842,879)
Accumulated loss carried forward at 30 June		<u><u>(2,139,529)</u></u>	<u><u>(842,879)</u></u>

There is no difference between the loss for the period on ordinary activities before taxation 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 financial year other than the loss of £1,296,650 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? Financial Services Limited

Balance sheet as at 30 June 2012

	Note	£	2012 £	£	2011 £
<b>Current assets</b>					
Debtors	5	28,715		503,553	
Cash at bank and in hand		766,522		588,264	
			<u>795,237</u>	<u>1,091,817</u>	
Creditors amounts falling due within one year	6	(434,766)		(634,695)	
Net current assets			<u>360,471</u>	<u>457,122</u>	
Total assets less current liabilities			<u>360,471</u>	<u>457,122</u>	
<b>Capital and reserves</b>					
Called up share capital	8	2,500,000		1,300,001	
Accumulated loss		(2,139,529)		(842,879)	
Shareholder's funds	9		<u>360,471</u>	<u>457,122</u>	

The financial statements of Which? Financial Services Limited (registered number 7239342) were approved by the board of directors and authorised for issue on 18 October 2012. They were signed on its behalf by

Chris Gardner



Director



Notes to the financial statements for the period to 30 June 2012

**1 Principal accounting policies**

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

**Basis of accounting**

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

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 Which? International (previously known as Peto Place Investments Limited). The ultimate parent is 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).

**Turnover**

Turnover represents the sales value of services provided net of Value Added Tax. Turnover is recognised when the right to consideration is earned, that is, when the service is provided and the consideration can be reliably measured.

**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.

**Taxation**

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. 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 Company is currently dependent on funding from its parent, Which? International Limited. The group is funded primarily by retained earnings and has significant cash reserves and liquid investments. The group generates the majority of its cash in the form of subscription income. The group 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.

Although the Company made a loss of £1,296,650 for the year, the current net asset position is £360,471. After making enquiries, and taking into account the letter of support received from Which? Limited, the directors are of the opinion that there are sufficient assets to support the losses expected and therefore 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.

## Notes to the financial statements for the year ended 30 June 2012

2 Operating loss	2011-12	Period from incorporation on 29 April 2010 to 30 June 2011
	£	£
Operating loss is stated after charging		
Operating lease rentals		
property rentals	48,600	31,427

The auditor's remuneration for the audit of the financial statements of £6,000 (period to 30 June 11 £1,800) has been borne and charged in the accounts of the parent undertaking

## 3 Directors and employees

a) The average monthly number of employees during the year was 18 (period to 30 June 2011 3)

b) Employee costs (excluding directors) during the year amounted to

	2011-12	Period from incorporation on 29 April 2010 to 30 June 2011
	£	£
Salaries and wages	596,030	76,240
Social security costs	63,908	7,685
Pension costs (see note 10)	12,026	1,030
Total	<u>671,964</u>	<u>84,955</u>

c) Directors remuneration

	2011-12	Period from incorporation on 29 April 2010 to 30 June 2011
	£	£
The remuneration of the company's directors was		
Directors' emoluments	97,043	15,048
Total	<u>97,043</u>	<u>15,048</u>

Emoluments of four directors were paid by Consumers' Association and were recharged to the Company based on estimated time spent

## 4 Taxation

	2011-12	Period from incorporation on 29 April 2010 to 30 June 2011
	£	£
UK corporation tax @ 25.5% (2010-11 27.5%)	-	-

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 25.5% (2010-11 27.5%)

The differences are explained below

Loss on ordinary activities before taxation	<u>(1,296,650)</u>	<u>(842,879)</u>
Tax charge at 25.5% (2010-11 27.5%) thereon	(330,646)	(231,792)
Effects of		
Expenses not deductible for tax purposes		6,051
Movement in short term timing differences	-	132
Losses carried forward	330,646	225,609
Tax charge for the year	<u>-</u>	<u>-</u>

A deferred tax asset of £503,948 relating to losses carried forward and short term timing differences has not been recognised due to uncertainty over future recoverability. The asset would be recognised if sufficient future tax-adjusted profits were to arise against which it could be offset.

## Notes to the financial statements for the year ended 30 June 2012

**5 Debtors**

	2012	2011
	£	£
Trade debtors	186	-
Amount due from group undertakings	-	500,000
Other debtors	4,485	3,553
Prepayments and accrued income	24,044	-
<b>Total debtors</b>	<b><u>28,715</u></b>	<b><u>503,553</u></b>

**6 Creditors, amounts falling due within one year**

	2012	2011
	£	£
Trade creditors	112,327	44,587
Amount due to group undertakings	214,063	553,211
Taxation and social security	23,477	10,791
Other creditors	1,127	-
Accruals and deferred income	83,772	26,106
<b>Total creditors</b>	<b><u>434,766</u></b>	<b><u>634,695</u></b>

**7 Financial commitments**

At 30 June 2012 the Company had annual commitments under non cancellable operating leases as follows

Expiring within one year	-	-
Expiring after two to five years	48,600	48,600
<b>Total lease payments</b>	<b><u>48,600</u></b>	<b><u>48,600</u></b>

**8 Called-up share capital**

	2012	2011
	£	£
Allotted, called-up and fully-paid 2,500,000 ordinary shares of £1 each	2,500,000	1,300,001

During the period the Company allotted 1,199,999 ordinary shares with a nominal value of £1 to its parent Company, Which? International Limited. At the year end, the full total of £1,199,999 has been received in cash.

**9 Reserves**

	Share capital £	Profit and loss account £	Total £
At 1 July 2011	1,300,001	(842,879)	457,122
Shares issued	1,199,999	-	1,199,999
Loss for the financial period	-	(1,296,650)	(1,296,650)
<b>At 30 June 2012</b>	<b><u>2,500,000</u></b>	<b><u>(2,139,529)</u></b>	<b><u>360,471</u></b>

Notes to the financial statements for the year ended 30 June 2012

**10 Staff pensions**

Contributions for Which? Financial Services Limited employees were paid at the rate of 5.0% per annum of pensionable salaries under the defined contribution section of the scheme

**11 Ultimate parent company and ultimate controlling party**

The immediate parent of Which? Financial Services Limited is Which? International (previously known as Peto Place Investments Limited), a company registered in England and Wales. 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 company's registered office at 2 Marylebone Road, London, NW1 4DF.

**12 Related party transactions**

Which? Financial Services 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.