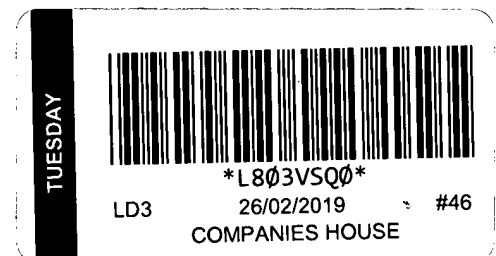


Which? Financial Services Limited

Registration number 07239342

Directors' report  
and audited financial statements  
for the year ended 30 June 2018



**Which? Financial Services Limited**  
**Registration number 07239342**

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**Directors' report**  
**for the year ended 30 June 2018**

The directors present their report and the audited financial statements of Which? Financial Services Limited ('the Company') for the year ended 30 June 2018. 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? Limited. The ultimate parent company is Consumers' Association.

The Company's principal activity is providing a mortgage broking service (Which? Mortgage Advisers) offering customers the best deals on every mortgage from all available lenders. Since inception in 2010, we have helped nearly 30,000 people arrange their mortgages. The average mortgage advance was broadly flat year-on-year reflecting the wider market slowdown, especially in the London and South East region. We also launched Which? Insurance Advisers; an advice and application service for customers for all their protection needs, ranging from Life Insurance, Critical Illness Cover and Income Protection. The Net Promoter Score (NPS) continued to be world class with an average score of 83.3 across our three survey areas.

The loss in year of £2.7million was significantly down from the previous year (£3.9 million). However, it was still a much larger loss than what was hoped for at the start of the year. Issues around customer lead generation in an increasingly competitive market environment directly impacted mortgage volumes and thus turnover and profit. Even so, we helped to arrange 7,149 mortgages for our customers in 2017/17:- an 18% increase on the prior year.

The statement of financial position on page 7 of the financial statements shows the Company's financial position at the end of the year. Net assets were £0.7 million (2017: £0.9 million).

Which? is the business name of the Group including the Consumers' Association, Which? Limited and Which? Financial Services Limited. Whilst the Board of Which? Financial Services Limited maintains close scrutiny over key performance indicators for the Company, the Company's directors believe that further key performance indicators are not necessary to be reported here as they are included within the ultimate parent's Annual Report & Financial Statements which report on a group basis.

**Future Development**

There will be considerable focus in 2018/19 around significantly reducing the level of statutory loss in the year and delivering operational profitability. To assist in this we intend to expand the number of additional services that we offer to better support our customers, whilst ensuring that our cost structure reflects the anticipated sales volumes.

**Our People**

We are committed to attracting and retaining the people we need to ensure we are best placed to deliver our ambitious strategy. We have carried out extensive work to improve our careers website, contributing to our efforts to strengthen our employee brand. This year, to welcome new employees to Which?, we launched the Ambassador Programme, a structured programme of activities designed to bring together everything that is so special about Which? - from our history and our culture, to our promise and our ways of working.

We know the importance and value of developing our people, and launched the Pathway to Leadership Excellence programme for all managers. This programme aims to build on existing skills and capabilities to ensure we are set up to deliver greater future success for our customers and consumers, while building and developing leadership talent for the future. We have continued to invest in everyone through our Grow and Learn programme, which provides a range of resources and other development activities, designed to help our people grow and develop their career with Which?. In addition, this year, we recognised those colleagues who best live the company values through an annual award.

We are committed to ensuring that all employees are fairly paid and we continue to be members of the Living Wage Foundation. Diversity and inclusion at Which? means respecting and celebrating difference and encouraging a culture and environment where everyone can thrive. As an equal opportunities employer that values diversity across our organisation, we ensure this is brought to life through our approach to attraction, recruitment and selection, training and career development and all employment and working practices for our employees. At the heart of our reward philosophy is the attraction, retention and motivation of employees to enable us to perform.

We adopt a total remuneration approach, (ie. the total of base salary, variable pay and benefits) and aim to be around the median of the relevant market. As a commercial trading company, we need to recruit people from a competitive commercial landscape. With the assistance of external independent experts, we benchmark our roles using a variety of established and robust market data sources that enable us to select the right comparator group for our range of roles.

On 1st October 2018, Anabel Hoult joined the organisation as the new Group Chief Executive, replacing Peter Vicary-Smith, who departed the business after 14 years. In the upcoming year, we will continue our work under her leadership to ensure our remuneration arrangements are right for all employees.

**Going-concern**

Following the year end, a further 140,000 shares of £1 were allotted to Which? Limited to ensure the business had adequate reserve levels. After making enquiries, and taking into account the letter of support received from Which? Limited and the investment received after year end, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and as such they continue to adopt the going-concern basis in preparing the financial statements.

**Which? Financial Services Limited**  
**Registration Number 07239342**

**Directors' report (continued)**  
**for the year ended 30 June 2018**

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, 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.

**Qualifying third party provisions**

The company has provided an indemnity for the directors and the secretary of the company, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

**Political and charitable contributions**

There were no donations made to political organisations or charities during the year (2016-17: none).

**Bankers and professional advisers**

Which? Financial Services Limited's principal banker is:  
Barclays Bank plc, The Lea Valley Group, 78 Tumers Hill, Cheshunt, Herts EN8 9BW

Which? Financial Services Limited's independent auditor and tax adviser is:  
PricewaterhouseCoopers LLP, 1 Embankment Place, London WC2N 6RH

**Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

	Date of appointment	Date of resignation
Michael Barley (Chair)		
Stephen Britain	12th September 2018	
Jacques Cadranel		
Brian Cole		30th June 2018
Martin Potkins		
Jan Smith		
Paul Smith		
Angela Williams	8th November 2017	3rd June 2018

**Statement of disclosure of information to auditors**

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 auditors are unaware; and
- (2) the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

**Independent auditors**

An external audit tender process was completed in March 2018. After considering all submissions which included two tenders from outside of the Big Four accountancy firms, the panel, which comprised of representatives from Council (the Trustee Board of Consumers' Association - the parent undertaking of Which? Limited), the Which? Limited Board, Group Audit & Risk Committee (GARC) and the Executive, unanimously agreed that PricewaterhouseCoopers LLP should be reappointed as Group auditors. Their proven capability to cover the range of issues, provide robust challenge, and operate cost effectively, led the panel to agree that they remained the most appropriate choice and are pleased that PricewaterhouseCoopers LLP agreed to continue to act as auditor.

PricewaterhouseCoopers LLP has indicated its willingness to be reappointed for another term.

**Which? Financial Services Limited**  
**Registration Number 07239342**

**Directors' report (continued)**  
**for the year ended 30 June 2018**

**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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland", and applicable law).

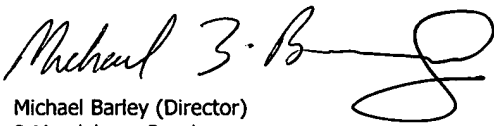
Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006. The directors 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.

This report has been produced in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006, including the exemption from producing a Strategic report.

Approved by the Board and signed on its behalf by:



Michael Barley (Director)  
2 Marylebone Road  
London  
NW1 4DF  
30 October 2018

**Which? Financial Services Limited**  
**Independent auditors' report to the members of Which? Financial Services Limited**

**Report on the financial statements**

**Opinion**

In our opinion, Which? Financial Services Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and audited financial statements (the "Annual report"), which comprise:

- the Statement of financial position as at 30 June 2018;
- the Income statement;
- the Statement of changes in equity for the year then ended; and
- the Notes to the financial statements, which include a description of the significant accounting policies.

**Basis for opinion**

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

**Independence**

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

**Conclusions relating to going-concern**

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going-concern.

**Reporting on other information**

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

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

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

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

## **Which? Financial Services Limited**

### **Independent auditors' report to the members of Which? Financial Services Limited (continued)**

#### **Director's report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 30 June 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

#### **Responsibilities for the financial statements and the audit**

##### **Responsibilities of the directors for the financial statements**

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

##### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### **Use of this report**

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

##### **Other required reporting**

###### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.

##### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Philip Stokes (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
30 October 2018

**Income statement**  
**for the year ended 30 June 2018**

	Note	2017-18 £	2016-17 £
Turnover	1	7,360,471	6,029,949
Cost of sales		(5,003,929)	(4,837,432)
Gross profit		<u>2,356,542</u>	<u>1,192,517</u>
Administrative expenses		(5,062,811)	(5,072,515)
Loss before taxation	2	<u>(2,706,269)</u>	<u>(3,879,998)</u>
Taxation on loss	4	-	-
Loss for the financial year		<u><u>(2,706,269)</u></u>	<u><u>(3,879,998)</u></u>

There is no difference between the loss before taxation and the loss for the financial year stated above, and their historical cost equivalents, for the current and preceding year.

The figures in the current and preceding years above relate entirely to continuing operations.

There was no other comprehensive income for the current and preceding years other than the loss of £2,706,269 (2016-17: loss of £3,879,998) shown above. Therefore, no separate statement of other comprehensive income has been presented.

The accompanying notes are an integral part of these financial statements.



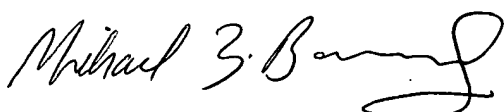
**Which? Financial Services Limited**  
**Registration Number 07239342**

**Statement of financial position as at 30 June 2018**

	Note	£	2018 £	£	2017 £
<b>Current assets</b>					
Debtors	5	501,110		692,022	
Cash at bank and in hand		3,269,120		3,526,802	
		<u>3,770,230</u>		<u>4,218,824</u>	
<b>Creditors: amounts falling due within one year</b>					
	6	<u>(3,034,579)</u>		<u>(3,276,904)</u>	
<b>Net current assets</b>					
			<u>735,651</u>		<u>941,920</u>
Total assets less current liabilities			735,651		941,920
<b>Net assets</b>					
			<u>735,651</u>		<u>941,920</u>
<b>Capital and reserves</b>					
Called up share capital	8		24,500,000		22,000,000
Accumulated losses			(23,764,349)		(21,058,080)
Total shareholders' funds			<u>735,651</u>		<u>941,920</u>

The notes on pages 9 to 13 are an integral part of these financial statements.

The financial statements of Which? Financial Services Limited (registered number 07239342) on pages 6 to 13 were approved by the board of directors and authorised for issue on 30 October 2018. They were signed on its behalf by:



Michael Barley  
Director

**Statement of changes in equity for the year ended 30 June 2018**

	Called up share capital 2017-18 £	Accumulated losses 2017-18 £	Total shareholders' funds 2017-18 £	Total shareholders' funds 2016-17 £
At 1 July	22,000,000	(21,058,080)	941,920	821,918
Shares issued	2,500,000	-	2,500,000	4,000,000
Loss for the financial year	-	(2,706,269)	(2,706,269)	(3,879,998)
At 30 June	<u>24,500,000</u>	<u>(23,764,349)</u>	<u>735,651</u>	<u>941,920</u>

## Which? Financial Services Limited

### Notes to the financial statements for the year ended 30 June 2018

#### 1 General information

The principal activity of Which? Financial Services Limited is providing a mortgage broking service offering customers the best deals on every mortgage from all lenders.

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is 2 Marylebone Road, London, NW1 4DF.

#### Principal accounting policies

The financial statements have been prepared on a going-concern basis under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102').

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year unless otherwise stated.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

#### Basis of preparation

These financial statements present information about the Company as an individual undertaking.

The Company has taken advantage of the following exemptions:

- . From preparing a statement of cash flows, on the basis that it is a qualifying entity and the information is provided in the consolidated Group financial statements; and
- . From the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.16 to 12.19, as the information is provided in the consolidated financial statement disclosures.

#### Turnover

Turnover, all of which comes from the Company's principal activity in the UK, represents fees and commission earned on the sale of mortgages and other related products. Turnover related to commission is recognised when the mortgage has completed. Turnover on other fees, including the referral of life insurance, is recognised when the associated work has been completed and consideration can be reliably measured.

#### Leases

Payments under operating leases are recognised in the Income statement on a straight line basis over the term of the lease.

#### Foreign exchange

##### i) Functional and presentation currency

The Company's functional and presentation currency is the pound sterling.

##### ii) Transactions and balances

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 year-end date are retranslated at the rates ruling at that date. These translation differences are recognised within the Income statement.

#### Employee Benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

##### i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

## **Which? Financial Services Limited**

### **Notes to the financial statements for the year ended 30 June 2018**

#### **ii) 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, under FRS 102 the Company has accounted for the scheme as a defined contribution scheme.

For the defined contribution schemes the amount charged to the Income statement 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 Statement of financial position.

#### **Taxation**

Deferred taxation is provided in full on timing differences that result in an obligation at the year-end 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? 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. The directors of the Company do not expect that it will be necessary to rely on external sources of debt finance in the foreseeable future.

The Company made a loss of £2.7 million in the financial year. However, after making enquiries and taking into account the letter of support received from Which? Limited, the directors are of the opinion 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.

#### **Financial Instruments**

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

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

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

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

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, and deposits held at call with banks.

#### **Critical accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The most significant areas where judgements and estimates are disclosed are allocation of staff time in note 3.

## Which? Financial Services Limited

### Notes to the Financial Statements for the year ended 30 June 2018 (continued)

<b>2 Loss before taxation</b>	2017-18	2016-17
	£	£
Loss before taxation is stated after charging:		
Operating lease rentals:		
Property rentals	198,912	181,755
Other	-	16,425
Depreciation of tangible assets	-	18,013

Auditors' remuneration for the audit of the financial statements for the year ended 30 June 2018 was £12,000 (2016-17: £12,390).

### 3 Directors and employees

a) The average monthly number of employees during the year was:

	2017-18	2016-17
	Number	Number
Administration	4	6
Trading activities	127	119
	<u>131</u>	<u>125</u>

b) Employee costs during the year amounted to:

	2017-18	2016-17
	£	£
Wages and salaries	4,894,982	4,566,875
Social security costs	524,572	471,199
Other pension costs	304,240	275,270
Compensation for loss of office	-	5,468
Benefits in kind	28,919	36,899
Total	<u>5,752,713</u>	<u>5,355,711</u>

c) Directors' remuneration

	2017-18	2016-17
	£	£
The remuneration of the Company's directors was:		
Directors' emoluments	307,162	501,289
Retirement benefits	35,198	44,409
Compensation for loss of office	-	5,168
Total	<u>342,360</u>	<u>550,866</u>

Remuneration of one (2016-17: two) director was paid by Which? Limited.

Remuneration of one (2016-17: none) director was paid by Consumers' Association.

These were recharged to the Company based on estimated time spent on company business.

Five (2016-17: six) directors were paid directly by Which? Financial Services Limited.

The remuneration of the highest paid director in relation to services to Which? Financial Services Limited was £208,500 (2016-17: £230,813). This was made up of emoluments of £173,302 (2016-17: £215,986) and company contributions to the defined benefit scheme of £35,198 (2016-17: £14,827).

d) Key employees	2017-18	2016-17
	£	£
Wages and salaries	381,508	392,602
Other pension costs	48,018	46,915
Compensation for loss of office	-	5,468
Benefits in kind	1,664	9,098
	<u>431,190</u>	<u>454,083</u>

Key employees included staff of the Group - these costs are allocated on the basis of time spent on the company business.

## Which? Financial Services Limited

### Notes to the Financial Statements for the year ended 30 June 2018 (continued)

#### 4 Taxation on loss

	2017-18 £	2016-17 £
UK corporation tax at 19.00% (2016-17: 19.75%)	-	-

#### Factors affecting tax charge for the current year

The tax assessed for both years differ from that resulting from applying the effective rate of corporation tax in the UK: 19.00% (2016-17: 19.75%)

	2017-18 £	2016-17 £
--	--------------	--------------

The differences are explained below:

Loss before taxation	<u>(2,706,269)</u>	<u>(3,879,998)</u>
Tax charge at 19.00% (2016-17: 19.75%) thereon:	(514,191)	(766,300)

Effects of:

Capital allowances in excess of depreciation	(8,728)	(7,507)
Group relief not paid for	522,919	-
Tax losses carried forward	-	773,807
Tax charge for the year	<u>-</u>	<u>-</u>

A deferred tax asset of £1,221,558 (2017: £1,508,087) relating to losses carried forward, fixed assets 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.

The standard rate of corporation tax in the UK from 1st April 2018 was 19.00%, (from 1st April 2017: 19.00%). Therefore the Company's profit for this year is taxed at an effective rate of 19.00%. Further changes to the UK Corporation tax rates were announced in 2016. These changes included reductions to the main rates to 17.00% from 1 April 2020, and as the changes have no material impact, their effects are not included in these financial statements.

#### 5 Debtors

	2018 £	2017 £
Trade debtors	34,823	7,399
Other debtors	27,083	11,645
Prepayments and accrued income	439,204	672,978
Total debtors	<u>501,110</u>	<u>692,022</u>

#### 6 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	173,914	161,587
Amounts owed to group undertakings	2,067,936	2,431,831
Taxation and social security	109,894	142,124
Other creditors	83,691	384
Accruals and deferred income	599,144	540,978
Total creditors	<u>3,034,579</u>	<u>3,276,904</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

## Which? Financial Services Limited

### Notes to the Financial Statements for the year ended 30 June 2018 (continued)

#### 7 Financial commitments

At 30 June the Company had total commitments under non-cancellable operating leases as follows:

	2018	2017
	£	£
Not later than one year	165,760	151,573
Later than one year and not later than five years	663,040	663,040
Later than five years	-	165,760
Total lease commitments	<u>828,800</u>	<u>980,373</u>

This disclosure above reflects the total (rather than annual) commitment.

#### 8 Called up share capital

	2018	2017
	£	£
Allotted, called up and fully paid 24,500,000 (2017: 22,000,000) ordinary shares of £1 each	24,500,000	22,000,000

During the year the Company allotted 2,500,000 (2017: 4,000,000) ordinary shares with a nominal value of £1 (2017: £1) to its parent company (Which? Limited) in order to finance the Company's expansion. At the year end, the full total of £24,500,000 (2017: 22,000,000) had been received in cash.

#### 9 Staff pensions

##### Pension schemes

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.

##### Pension contributions

Contributions were paid at the rate of 24.7% per annum of pensionable salaries under the hybrid contribution section of the scheme. Contributions for Which? Financial Services Limited employees were paid at the rate of 8% per of pensionable salaries under the defined contribution section of the scheme. Total contributions to pension funds during the year were £257,909 (2016-17: £275,270).

##### Accounting treatment

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 102 the Company has accounted for the scheme as a defined contribution scheme. The amounts required to be disclosed under FRS 102

in respect of the Group are set out in the financial statements of the parent company, Consumers' Association.

#### 10 Ultimate parent company and ultimate controlling party

The immediate parent of Which? Financial Services Limited is Which? Limited. The ultimate parent undertaking and controlling party is Consumers' Association, a private company limited by guarantee, incorporated in Great Britain and registered in England and Wales. Consumers' Association is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 30 June 2018. The consolidated financial statements of Consumers' Association are available from the Company's registered office at 2 Marylebone Road, London, NW1 4DF.

#### 11 Related party transactions

Which? Financial Services Limited has taken advantage of the exemption in FRS 102 not to disclose any transactions or balances with related parties that are wholly-owned subsidiaries of the group, headed by Consumers' Association.

#### 12 Post balance sheet events

Following the year end, a further 140,000 shares of £1 each were allotted to Which? Limited.