



2012

Annual Report

FOR THE YEAR ENDED
31 DECEMBER 2012

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10,000

We had over 10,000 social media follows via Facebook and Twitter by year-end.



consumer.org.nz

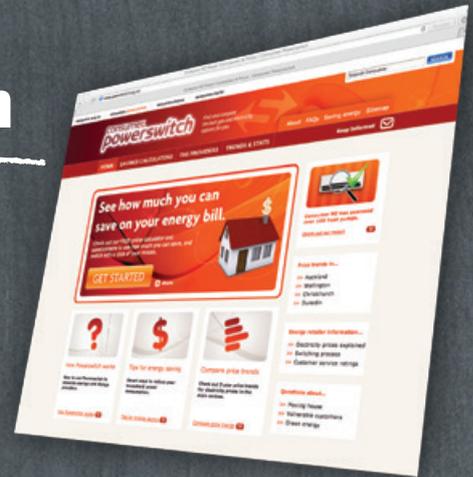
262,000

Consumer.org.nz averaged 262,000 visitors a month, significantly up on the 218,000 visitors in 2011. The What's New email database showed good growth to 68,000. These are people who are not members but who like to hear from us. They joined our more than 60,000 members who are also regularly updated on our activities.

powerswitch

3,338,918

Powerswitch had 3,338,918 page views. Developments in 2012 included improving the questionnaire, results page and the switch process. Extended Trends and Stats areas were also developed.



consumerbuild

32,000

Consumerbuild continues to attract a big following with 32,000 visits per month against 27,000 in 2011.



telme

65,000

Our free telecommunications comparison site TelMe had its first full year of operation with 65,000 visits.



Against a backdrop of tough economic conditions Consumer NZ member numbers and member revenue grew ahead of budget.

Board Chair Nicola Wills

Chairman's report



Against a backdrop of tough economic conditions, I am pleased to report Consumer NZ's member numbers and member revenue grew ahead of budget in 2012. The rise in member numbers was the first for some years. It showed the principles of independence and trustworthiness at the centre of the organisation's mission still resonate with many New Zealanders.

Public recognition grew from 86 percent prompted recognition to 90 percent. This also was a great result but we can't rest on our laurels. There's work to be done to attract a new, younger audience.

While the organisation remains widely known for its independent product and test reports on all manner of appliances and technology, and for its customer satisfaction surveys of services such as electricity, telecommunications, ISPs, retailers and banking, less well-known are the contributions it makes to the many organisations seeking consumer advice and to public policy initiatives.

A priority in 2012 was consumer law reform. Consumer NZ was a strong advocate of change, supporting the then Ministry of Consumer Affairs in an advisory role, and other like-minded organisations in making submissions on the Consumer Law Reform Bill. Importantly Consumer NZ was instrumental in the inclusion of unfair contract terms as part of the Bill. Consumers can look forward to further protections particularly around extended warranties, uninvited direct sales and buying at online auctions. The Bill is likely to become law in 2013.

Other areas Consumer NZ made submissions included: mandatory requirements on builders to provide written contracts on building work over a certain value; dairy industry restructuring which would allow the Commerce Commission oversight of Fonterra's milk pricing regime; and proper disclosure of KiwiSaver fees and charges.

We also provided input and staff to a number of organisations including the Banking Ombudsman Scheme, the Electricity Authority Retail Advisory Group, Food Standards Australia New Zealand, the Financial Literacy and Retirement Commission's advisory group on retirement policies, to name just a few.

Our online activities continued to grow and much of the year was spent looking at ways we might further innovate. Online is where the future of the organisation lies and I am confident the strategies being developed will see us well into the future. Consumer NZ has recorded a deficit but much of that has been in working on the new services which will unfold over 2013 and beyond.

This is an exciting time for Consumer NZ. I want to thank the Board for the considered way in which it has handled the new strategies with which it has been presented. I particularly want to thank all of our staff. Our CEO Sue Chetwin has initiated and led the courageously innovative processes undertaken over the last year, and has been more than ably supported by her dedicated and committed staff. I am confident that everyone's hard work will help secure the organisation's future.

Nicola Wills
CHAIRMAN

Consumer testing of a \$3000+ vacuum cleaner proved what we had always thought about this dubious product – it came bottom of the test, scoring no better for carpet cleaning than a vacuum you can buy for less than \$100.

Consumer NZ CEO Sue Chetwin

CEO's report



“Outstanding quality”, “superior design”, will give you the “cleanest, healthiest home”. These were claims being made about a \$3000+ Envirotech vacuum cleaner which we’ve considered dubious for years. So we put it to the test. It came bottom – scoring no better for carpet cleaning than a vacuum you can buy for less than \$100.

What’s worse is this rip-off cleaner is sold door-to-door using the hardest sell methods possible. We’ve also been writing about the hard-sell methods adopted by this company for years. Despite warnings from the Commerce Commission, the tactics remain. We’ve complained again, this time about the false claims.

This should be a good illustration of what will be cleaned up in Consumer Law Reform legislation before the House. Breaches of the Fair Trading Act will be easier to prosecute and people suffering hard-sell tactics (often the elderly and vulnerable) will be able to get their money back during an extended cooling-off period. Consumer NZ made strong submissions on the reform bill, which should become law in 2013.

Preying on the vulnerable doesn’t stop at vacuum cleaner sales. Our advisers deal with about 400 complaints or inquiries a month from members. What is disturbing is the ‘big box’ retail staff who seem to have poor knowledge of the Consumer Guarantees Act and what rights people have when they return faulty goods. Whether it’s deliberate or not, it is disappointing that little changes in this area. Our advisers have an extraordinary success rate, getting money back for people on everything from cars which have needed innumerable repairs, to faulty carpets, phones and washing machines. However, it is concerning that without our intervention consumers could be being

misled as to their rights. As part of the strategic development of our own organisation we are looking at further ways we can intervene to assist consumers in their dealings with businesses – retail and service providers.

This year we have increased members for the first time in a long time. It’s reassuring that the work we are doing on their behalf and on behalf of all New Zealanders is still seen as relevant and helpful.

Across the organisation we have been thinking of ways to increase our relevance in the purchasing decisions Kiwis make every day. I would like to thank the Board, staff and the management team for their commitment and input into the new thinking.

Importantly thanks to the hundreds of thousands of you who visit our websites, buy our reports, and subscribe to the magazine. It’s your contribution that enables us to act on behalf of all New Zealanders.

Sue Chetwin
CEO

Campaigns

Sunbeds

We're continuing to campaign on this issue. Using a sunbed increases the risk of melanoma by 15 percent and if used before the age of 35 the risk rises to 75 percent.

Sunbed operators heedlessly flout the guidelines in the voluntary sunbed standard. The worst example was an operator who told our mystery shopper that she could have another session "tomorrow, but if I was to have any burning leave it a day or two".

**WE WANT
THE SUNBED
STANDARD
TO BE MADE
COMPULSORY
- ENOUGH IS
ENOUGH.**

**ONLY 3 OUT OF 20 SUNBED
BUSINESSES IN OUR MOST
RECENT SURVEY SAID NO TO A
FAIR-SKINNED SHOPPER.**



Rest homes

An Auckland rest home was finally closed after two inspections found the manager was unable to safely manage an aged care facility. Our continuing investigations of rest homes find a sector that struggles to meet consistent standards of care. We support a much tougher line being taken with offending homes - including the withdrawal of certification for poor performers. The lapses in care found in rest homes would not be tolerated in early childhood centres.



Consumer law

A ban on unfair contract terms has now been included in the Consumer Law Reform Bill.

We've campaigned for a ban on unfair contract terms to be included in the Bill because these terms limit consumer choice and can have a deadening effect on competition. The Bill in its present form will also deal with some long-running areas of consumer detriment around online auctions, extended warranties, door-to-door sales, and unsolicited mail.



WORKING FOR CONSUMERS

During the year we prepared 11 submissions on topics as varied as consumer finance and consumer law, the Building Act, disclosure rules for finance products, vehicle licensing and nutritional claims.

Research and testing

Making a difference

We commissioned a major nationwide market-research survey. One of its key findings was that both members and non-members regard the testing, and assessment of products and services as the most compelling reason to belong to Consumer NZ.

Our testing programme is truly independent because we don't accept advertising or donations from businesses. Unlike most other publications and websites, our recommendations are based on verifiable test data not personal opinions.

Our testing programme is largely funded by the subscriptions of members. The testing programme keeps manufacturers honest and gives our members sound and reliable recommendations on what products to buy.

More testing

This year we published a record 70 tests either in the magazine or online. We are able to offer this because of our cost-effective testing arrangements with Choice (the Australian consumer organisation) and ICRT (the International Consumer Research and Testing programme in Europe).

We've also been able for mobile phones, digital cameras and high-end electronic products to supplement our test results with a hands-on feel. This often allows us to do a quick assessment before we receive the full test results for a model.

Keeping up with technology

The explosion of interest in e-readers and tablet computers (fuelled by the iPad) continues. The number of tablets is growing exponentially. There's also an increasing range of audio-visual products to test from AV receivers, to wireless speakers through to dock and speaker systems for Apple and Android mobile products.

New ground

Children's products remain an important part of our testing. We have nine



test reports on children's products - and most of these are continuing programmes. One of the disappointing outcomes of the test programme is the number of products that fail the relevant Australia/New Zealand standard. Many of these standards are voluntary but it is still disquieting so many products can't pass all our safety tests. For example the pass rates in the following tests were three out of six products for change tables, one out of 10 for baby walkers, three out of 10 for strollers, and two out of six for portable cots.

We added to our test results for child car seats throughout the year and are planning a major update of the test results for 2013.

Surveys that count

Our surveys provide a unique window on the views of members across a range of products and services. Two surveys - the ISP survey and supermarket prices - continue to create a great deal of public, media and industry interest.

We reinstated our survey of banks after a break of some years. The results show banks are on the whole highly regarded by their customers.

Our annual appliance reliability survey complements our testing programme by adding a reliability element that can't be captured in a one-off test. A similar survey assesses the reliability of computers and printers each year.

Keeping the heat on

Heating products are a major area and apart from our test programme for heaters and dehumidifiers we also maintain extensive databases - particularly for woodburners, heat pumps and ventilation systems. Heat pumps and wood burners each have more than 100 models in their databases.

70

The number of tests we published either in the magazine or online.



Our annual appliance reliability survey complements our testing programme by adding a reliability element that can't be captured in a one-off test.



9

The number of test reports we have on children's products.

2

2 of our surveys - ISPs and supermarket prices continue to create public interest.



100+

The number of heat pumps and wood burners each have in their databases.

Magazine & online

The magazine and our website (consumer.org.nz) are complementary: the magazine offers a convenient monthly overview and the website offers greater depth of information through its databases, calculators, product-comparison tools and regular updating of information.



Consumer magazine is one of New Zealand's longest-running publications. It's well into its sixth decade and continues to be a flagship for the Consumer NZ brand.

Protecting the vulnerable

Our article on fuel poverty highlighted the growing numbers of Kiwi households with fuel bills in excess of 10 percent of their income. In 2010, low-income households spent 13.1 percent of their income on energy compared with 7.6 percent in 1989. Energy prices are an area of focus in both the magazine and online. Rest homes are another sector where we continue to push for better standards – and our article this year highlighted more serious shortcomings in rest-home standards of care.

Making a difference

We investigated extended warranties. As a result, we made a complaint to the Commerce Commission over the Noel Leeming and Bond & Bond chains publishing misleading comparisons between their extended warranties and the equivalent provisions in the Consumer Guarantees Act. Following our complaint, the two chains republished their brochures with more accurate information.

Improving consumer rights

We wrote a major article on the lack of building protections for consumers. In some ways consumers have more effective redress for a faulty \$50 toaster

than they do for a \$500,000 house. We don't think the current private building guarantees are adequate and would like to see a government-run scheme similar to that in Queensland, which is funded by a levy on builders.

Over there, builders are required to take out insurance for residential building projects above a set value. Consumers can claim for losses resulting from non-completion or shoddy work.

Unsubstantiated and misleading claims are another area where more effective regulation would be welcome. The current law places the onus for disproving a claim on consumers and we would like the Commerce Commission to have the power to issue substantiation notices. These notices ask a firm making a potentially unsubstantiated claim to provide evidence supporting its claim. This would put the onus of proof back on the company making the claim.

Working for changing

We tested sunscreens again and found one "organic" sunscreen that failed its SPF 30 claim after immersion in water. The brand also had no acceptable test evidence to support its claim. So we laid a formal complaint with the Commerce Commission over this lack of evidence. We have not heard back about the result of our complaint.

Our guides

Marketing our services

We produced three guides providing practical, straightforward, expert advice on home heating, buying the right kitchen appliance and smart shopping. The guides were incorporated into our brand and acquisition marketing campaigns, and made available to our members.



Winter Heating Guide

The Winter Heating Guide in May armed consumers with knowledge about how to stay warm, cosy and healthy at home in winter by keeping in the warmth and the damp out.



Right Appliance Guide

In July, the Right Appliance Guide helped consumers 'avoid kitchen nightmares' by choosing the right appliance for their needs. We compared the features and benefits of 13 essential kitchen appliances, consumers' rights when things go wrong, energy efficiency, buying second-hand, and how long appliances should last.



Smart Shopping Guide

The Smart Shopping Guide in November, covered our best buys of 2012, returns policy, the Consumer Guarantees Act, policies on gift vouchers and extended warranties.

Advisory service

Case studies

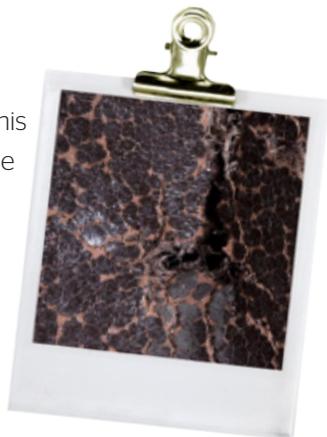
Case study: Sam Clouston

Twelve-year-old Sam Clouston wasn't happy when his near new Motorola Defy smartphone fell out of his pocket and the screen smashed. Sam had seen Motorola's ad which implied this phone could survive almost anything, including being dropped on a hard surface. When Sam contacted us, our adviser recommended he complain to the Advertising Standards Authority as his phone hadn't lived up to the ad's claim. After he lodged his complaint, Motorola offered to repair Sam's phone and also gave him a pack of accessories. Sam's success continued when Telecom, the company from which he'd bought the phone, gave him a new phone as a gesture of goodwill.



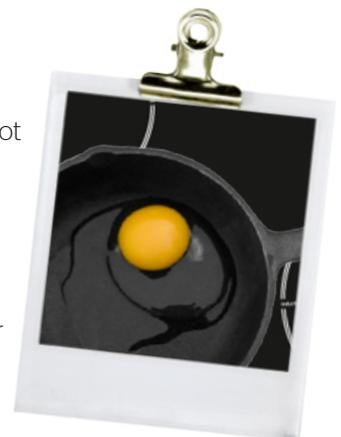
Case study: Regan Hawkins

When Regan Hawkins and his wife bought a leather lounge suite in 2006, they thought they'd got a good deal. But the suite was covered in bi-cast leather, which looks like real leather but doesn't always wear like it. This suite began to deteriorate two years after purchase and the problem gradually got worse. Our adviser recommended the couple go to the Disputes Tribunal when the retailer, Corniche Interiors, wouldn't come to the party. The tribunal agreed that the lounge suite wasn't of acceptable quality and awarded the couple \$1620 compensation for loss in the value of the furniture.



Case study: The Kershaws

Ineke and David Kershaw got four years' use from their \$2600 Bosch induction cooktop before it stopped working. We expect these cooktops to last a lot longer and our reliability surveys show most do. The couple had contacted a local service agent listed on Bosch's website to fix the cooktop. But two months later they were still waiting for parts and facing mounting repair bills. After Ineke contacted us, our adviser got in touch with Bosch. The company responded quickly. It fixed the cooktop with a part already in stock and met all the repair costs.



THE BOARD



GAIL POWELL
CARTERTON

Twenty years' experience as a senior manager in the public service. Was the first Executive Director of the Broadcasting Standards Authority. Worked at Consumers' Institute in the mid 1970s.

NICOLA WILLS
WELLINGTON CHAIR

A Wellington barrister, Nicola has expertise in consumer and competition law, and has prosecuted for the Commerce Commission. She is currently an Adjudicator for the Motor Vehicle Disputes Tribunal.

ALEXANDRA SIMS
AUCKLAND

Associate Professor in Commercial Law in the Faculty of Business and Economics, University of Auckland. Has taught IT Law at undergraduate and postgraduate levels. Experience on boards and committees within the university, and the wider community. She chairs the Interim Consumer Foundation Board.

RICHARD ASTON
AUCKLAND DEPUTY CHAIR

CEO of Big Buddy, a social agency working with volunteer mentors. Richard comes from a business background in IT (for large corporates) and marketing. He's been on school boards and the occasional government panel. He's particularly interested in harnessing the internet power of consumers to give feedback - both good and bad - to the commercial world.

AMANDA SANTOS
WELLINGTON

Former CEO of SMSS, which provides student-management software to tertiary education institutions. SMSS is owned by several tertiary education institutes and is a registered charity. Amanda was involved as a product tester for the UK consumer organisation, Which? and completed an MBA at Victoria University in 2006.

PAUL LARSON
DUNEDIN

Has worked as a clinical pharmacist and drug information pharmacist in hospitals. Has also worked for the National Poisons Centre. Owns a pharmacy in Dunedin. On various national pharmaceutical organisations including the Pharmaceutical Society, College of Pharmacists, Pharmacy Guild and is a member of the Institute of Directors.

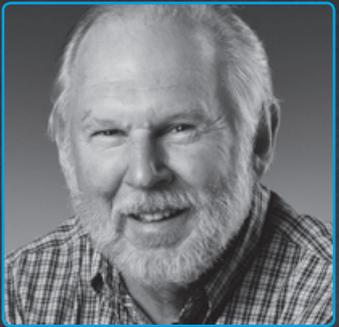
OSCAR ALPERS
CHRISTCHURCH

A lawyer with experience in private practice. Has extensive governance experience in local and central government, the voluntary sector and the commercial sector. Was a councillor and community board member for 30 years and remains involved in community and environmental issues in Christchurch.

EXECUTIVE TEAM



DAVID NAULLS
DEPUTY CHIEF EXECUTIVE
& EDITOR-IN-CHIEF



HAMISH WILSON
RESEARCH & TESTING
MANAGER



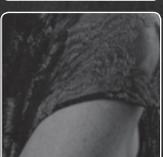
MARK HUGHSON
FINANCIAL CONTROLLER



SCOTT FEEHAN
INFORMATION &
TECHNOLOGY MANAGER



KAREN MCDONALD
MARKETING & BUSINESS
DEVELOPMENT MANAGER



Financial statements

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Independent Auditor's Report

To the Members of Consumer NZ Incorporated

Report on the Financial Statements

We have audited the financial statements of Consumer NZ Incorporated on pages 20 to 26, which comprise the statement of financial position as at 31 December 2012, and the statement of financial performance, statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board Responsibilities

The board are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that present fairly the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.



An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in Consumer NZ Incorporated.

Opinion

In our opinion, the financial statements on pages 20 to 26 present fairly, in all material respects, the financial position of Consumer NZ Incorporated as at 31 December 2012 and its financial performance, for the year then ended in accordance with generally accepted accounting practice in New Zealand.

A handwritten signature in blue ink that reads "Grant Thornton".

Grant Thornton New Zealand Audit Partnership
Wellington, New Zealand
21 February 2013

Statement of Financial Performance

For the year ended 31 December 2012

CONSUMER NZ INCORPORATED

Operating revenue	Note	2012	%	2011	%
Membership subscriptions		4,880,834	79%	4,795,585	76%
Interest income		244,382	4%	262,381	4%
Other income	3	1,029,092	17%	1,222,725	19%
		6,154,308		6,280,692	
Operating expenses					
	Note	2012	%	2011	%
Production and distribution	4	1,188,574	18%	1,136,804	19%
Marketing & promotions		1,136,439	17%	1,155,963	20%
Administration:					
Audit fees		9,211	0%	9,210	0%
Board fees and expenses		75,392	1%	72,362	1%
Depreciation		522,030	8%	414,065	7%
Information technology		245,812	4%	154,523	3%
Office premises lease		173,213	3%	173,213	3%
Personnel		2,288,934	35%	2,203,752	38%
Strategy development		309,575	5%		
Other administration expenses		662,303	10%	546,778	9%
		6,611,483		5,866,670	
Net Surplus (Loss) transferred to accumulated funds		(457,175)		414,023	

Statement of Movements in Equity

For the year ended 31 December 2012

CONSUMER NZ INCORPORATED

	2012	2011
Balance at 1 January	3,523,173	3,109,151
Surplus (Loss) for the year	(457,175)	414,023
Balance at 31 December	3,065,998	3,523,173

The accompanying notes on pages 22-26 form part of the financial statements

Statement of Financial Position

As at 31 December 2012

CONSUMER NZ INCORPORATED

Assets	Note	2012	2011
Current assets			
Cash at bank	5	213,078	591,235
Accounts receivable		180,664	71,905
Accrued interest		108,687	56,460
Stock on hand	6		6,773
Prepayments		97,038	115,732
Short term deposits	7	4,900,000	4,615,484
Total current assets		5,499,467	5,457,590
Term investments	8	200,000	200,000
Fixed assets	9	1,045,933	1,432,292
Total Assets		6,745,400	7,089,882
Liabilities and accumulated funds			
Current liabilities			
Accounts payable		316,112	351,819
Employee entitlements	10	158,246	156,181
GST Payable		59,713	37,995
Other provisions and payables		39,626	38,985
Total current liabilities		573,697	584,980
Deferred subscriptions income	11	3,073,203	2,962,559
Other deferred income		32,052	19,170
Accumulated funds		3,065,998	3,523,173
Total Accumulated Funds And Liabilities		6,745,400	7,089,882

For and on behalf of the Board who approved these financial statements for issue on 21 February 2013



Nicola Wills, CHAIR



Mark Hughson, FINANCIAL CONTROLLER

The accompanying notes on pages 22-26 form part of the financial statements

Notes to the Financial Statements

For the year ended 31 December 2012

CONSUMER NZ INCORPORATED

1 Statement of Accounting Policies

Reporting entity

Consumer NZ Incorporated conducts consumer advocacy and research in New Zealand.

Consumer NZ Incorporated is registered as a charitable entity under the Charities Act 2005. Consumer NZ Incorporated's registration number is CC35296.

These financial statements are for the reporting entity, Consumer NZ Incorporated, an Incorporated Society registered under the Incorporated Society Act 1908 ("The Act").

The financial statements of Consumer NZ Incorporated are prepared in accordance with The Act and all subsequent amendments and the Rules of Incorporation.

Consumer NZ Incorporated qualifies for differential reporting exemptions as it does not have public accountability and it is not large. Accordingly, it has taken advantage of all reporting exemptions allowed under the differential reporting framework.

Measurement base

The general accounting principles of the New Zealand Institute of Chartered Accountants for the measurement and reporting on a historical cost basis and going concern basis have been applied.

Accounting Policies

(i) Revenue Recognition

Membership subscription revenue is recognised on a straight line basis over the term of the subscription period as the value of the magazine despatched and/or online access provided is identical for each month of the subscription term.

(ii) Non-Current Assets, Amortisation and Depreciation

Non-current assets are recorded at cost less accumulated depreciation or amortisation. Depreciation and amortisation are both charged on a straight line basis at rates estimated to recognise the loss of service potential of the asset over its useful life.

The estimated useful lives of non-current assets are as follows:

Computer equipment	3 - 5 years
Office equipment	5 - 10 years
Office furniture, fixtures and fittings	3 - 10 years
Motor vehicles	5 years
Trademarks	10 years
Websites	4 years

(iii) Stock on hand

Stocks are valued at the lower of historic cost, first in first out basis, or net realisable value.

(iv) Accounts Receivable

Accounts Receivable are recorded at net realisable value.

(v) Investments

All investments are recorded at cost.

(vi) GST

All amounts are stated on a GST exclusive basis, except for receivable and payables which are stated as GST inclusive.

(vii) Deferred Subscriptions

Membership subscription revenues are initially recorded as a deferred subscriptions liability. The liability is transferred to revenue as Consumer NZ Incorporated provides the publications and/or online access required by each subscriber.

Changes in Accounting Policies

There have been no changes in accounting policies. All accounting policies have been applied on the same basis as those in prior years.

Notes to the Financial Statements

For the year ended 31 December 2012

CONSUMER NZ INCORPORATED

2 Taxation

Consumer NZ Incorporated is exempt from income tax under Income Tax Act 2007.

3 Other income

	2012	2011
Business development	678,138	863,867
Website maintenance	126,275	110,600
Endorsements	76,668	90,003
Newsstand	44,382	53,900
Single report sales	71,903	71,959
Foreign exchange gain / (loss)	(11,221)	285
Other income	42,946	32,112
	1,029,092	1,222,725

4 Production and distribution costs

	2012	2011
Business development expenses	166,572	66,465
Printing and distribution	404,877	415,812
Production expenses	84,374	92,226
Test and survey expenses	532,751	562,300
	1,188,574	1,136,804

5 Cash comprises cash balances held with banks in New Zealand

	2012	2011
Cash at bank	59,191	56,525
Call deposits - NZD	140,000	70,000
Call deposits - AUD	22	418,563
Call deposits - EUR	13,865	46,147
	213,078	591,235

6 Stock on hand

	2012	2011
Unsold test goods	-	6,773
	-	6,773

Notes to the Financial Statements

For the year ended 31 December 2012

CONSUMER NZ INCORPORATED

7 Short term deposits

All term deposits mature prior to 31 December 2013. Term deposits are held with the following:

	2012	2011
Bank of New Zealand	2,050,000	1,300,000
ASB	1,800,000	2,050,000
Rabodirect	500,000	300,000
Kiwibank	550,000	765,484
	4,900,000	4,415,484

Interest rates on investments held range from 4.20% to 4.75% per annum (2011: 4.30% to 5.40%).

8 Term investments

	2012	2011
Auckland City Council Bond (matures 24 March 2014)	200,000	200,000

This investment is stated at its cost price which is considered to be its fair value.

9 Fixed assets

2012	Cost	Accumulated Depreciation	Book Value	Depreciation
Computers & Software	385,866	332,841	53,025	46,720
Websites	1,609,233	972,664	636,568	385,548
Motor vehicles	48,819	25,341	23,478	8,473
Furniture & equipment	304,547	189,677	114,870	36,859
Fixtures & fittings	395,841	183,137	212,704	43,782
Trademarks	6,475	1,188	5,287	648
	2,750,781	1,704,848	1,045,933	522,030

2011	Cost	Accumulated Depreciation	Book Value	Depreciation
Computers & Software	369,822	286,121	83,701	44,543
Websites	1,503,965	587,116	916,849	279,175
Motor vehicles	48,819	16,868	31,951	9,764
Furniture & equipment	290,188	152,819	137,369	36,022
Fixtures & fittings	395,841	139,355	256,486	44,021
Trademarks	6,475	540	5,935	540
	2,615,110	1,182,818	1,432,292	414,065

Notes to the Financial Statements

For the year ended 31 December 2012

CONSUMER NZ INCORPORATED

10 Employee entitlements

	2012	2011
Annual leave	78,839	64,876
Service leave	14,968	11,843
Retirement leave	-	-
Payroll Accrual	64,439	79,461
	158,246	156,181

11 Deferred subscriptions income

	2012	2011
2012	-	2,481,190
2013	2,532,655	398,004
2014	452,107	83,365
2015+	88,440	-
	3,073,203	2,962,559

12 Related parties

The Consumer Foundation incorporating the Emily Carpenter Consumer Charitable Trust (known as the Consumer Foundation) is an independent entity. The Consumer Foundation's trustees are appointed by Consumer NZ Incorporated. The trustees are Alexandra Sims (Chair), Oscar Alpers, Suzanne Chetwin, David Russell, and Nicola Wills.

During 2012, Consumer NZ Incorporated applied for a \$10,000 grant from the Consumer Foundation. The grant was approved by Consumer Foundation trustees in December 2012, but has not been paid as at balance date. No grants between the parties were approved or paid in 2011.

13 Operating leases & rents

	2012	2011
Commitments under non-cancellable contracts:		
Not later than one year	173,213	185,406
Greater than one year	635,114	808,326
	808,327	993,732

Consumer NZ Incorporated has leased its Wellington premises until August 2020, with a right of early termination as at August 2017.

Notes to the Financial Statements

For the year ended 31 December 2012

CONSUMER NZ INCORPORATED

14 Financial instruments

The financial assets and liabilities of Consumer NZ Incorporated include bank deposits and accounts receivable. The basis of recognition of the financial instruments disclosed in the accounting policies are:

- the carrying amounts of the financial assets and liabilities are considered equivalent to their fair values;
- financial instruments entered into do not expose Consumer NZ Incorporated to any significant exposure of interest or credit risk;
- exposure to foreign exchange movements on product testing conducted overseas is considered to be a low level risk. Australian Dollar and European Euro foreign currency accounts were opened in 2011. These accounts are revalued monthly. Revaluation differences are recorded in the Statement of Financial Performance;
- no collateral or other security is required to support financial instruments;
- short-term deposits have maturity dates within one year. Interest at the time of further reinvestment will depend on the market interest rates then prevailing;
- no off balance sheet transactions were entered into during the financial year (2011: NIL).

15 Contingent liabilities

There were no contingent liabilities as at 31 December 2012. (2011: Nil).

16 Capital commitments

As at balance date, Consumer NZ Incorporated had entered into agreements with suppliers to purchase the following capital items:

	2012	2011
Powerswitch website redevelopment (Phase II)	-	97,368
		97,368

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2012 Annual Report

FOR THE YEAR ENDED
31 DECEMBER 2012