



**ON
YOUR
SIDE.**

**ANNUAL
REPORT
2010**
FOR THE YEAR ENDED
31 DECEMBER 2010

CONSUMER NZ 2010.

CONSUMER NZ works for a fair, safe and just society. Its principal aim is to benefit consumers by providing them with the knowledge to make reasoned decisions.

In a world of increasing consumer choice and often misleading information, Consumer NZ has more than 50 years' experience of providing trusted, independent and accurate advice. Free of advertising and commercial pressures, we serve just one audience – consumers.

The organisation also works to improve the standard of goods and services available to consumers, and to persuade governments and businesses to change laws or practices that disadvantage individuals.

Consumer NZ is a not-for-profit organisation that exists through subscription to its monthly magazine, Consumer and through its website www.consumer.org.nz.

Consumer NZ has only one constituency – that's you the consumer. ■

CONTENTS

- 04 Chairman's report
- 05 Chief Executive's report
- 06 Members of the Board
- 08 The Executive Team
- 09 Research & testing
- 10 Consumer online
- 11 Consumer magazine
- 12 Marketing
- 13 Business development
- 14 Our advisers
- 15 Consumer recommends
- 17 Financial statements

USING CONSUMER'S FREE POWERSWITCH WEBSITE TO COMPARE POWER PRICES, OUR ANALYSIS IN JUNE SHOWED OVER A YEAR A SMALL HOUSEHOLD COULD SAVE UP TO \$442 A YEAR, MEDIUM HOUSEHOLD \$622 AND LARGE HOUSEHOLDS MORE THAN \$1000 - SIMPLY BY SWITCHING PROVIDERS.



CHAIRMAN'S REPORT.



DESPITE GOING through a very tough year, Consumer NZ has continued to help its thousands of members by providing the best advice on buying products and services, and by pushing issues of concern to all consumers with government.

By tailoring its advice and services the organisation also overcame the continuing effects of the global economic crisis. Revenue from memberships remained strong, along with revenue from other aspects of the organisation's business, which combined produced the best result we have seen for years.

The growth in online activities continued: www.consumer.org.nz received a record 200,000 visitors a month and the free power price comparison website PowerSwitch, also had a record number of visits.

The monthly magazine continued to be an important part of the business and with the online site were once again the most significant contributors to Consumer's success.

But for Consumer NZ to grow it has had to broaden its revenue base. Last year sales of single reports, endorsements (which allow manufacturers and service providers to use Consumer's recommendations in a limited way), and contracts mainly with government agencies to provide research and testing, became substantial parts of Consumer's operations.

ONE THING DIDN'T CHANGE AND THAT WAS CONSUMER'S COMMITMENT TO WORK FOR A FAIR, SAFE AND JUST SOCIETY.

Consumer NZ also took another significant step in setting up a Foundation with an interim board tasked with doing the groundwork which will enable it to raise funds from donors to help further the organisation's work to benefit all consumers. It has been assisted in this work by the generous support of former Consumer NZ chief executive David Russell.

One thing didn't change and that was Consumer's commitment to work for a fair, safe and just society. We're here to benefit consumers by providing them with the knowledge to make reasoned decisions. Whether it's through the advice service to members or through the hundreds of tests we do and report on, Consumer has one constituency – that's you.

This is my last term on the board as I will be retiring in June 2011. When I look at the organisation today, I see a quality executive team, ably led by the chief executive Sue Chetwin, which has the strategic smarts to see Consumer into a vibrant and successful future.

My thanks to the board for their enthusiasm and commitment to the valuable work that is Consumer NZ. ■

MARK BEDFORD
CHAIRMAN OF THE BOARD

CHIEF EXECUTIVE'S REPORT.



FROM SUBMISSIONS on long overdue consumer law reform and financial advisers to food labelling, building industry changes and natural health claims – we were there. And that was just the half of it.

At the same time we were putting through their paces record numbers of fridges, televisions, washing machines, digital cameras, phones, laptops and of course not to be missed, toasters. We beat out our competitors by importing an iPad so our members could be among the first to get our independent thoughts on this innovation from Apple. We followed that up with a comprehensive review of all e-readers on the NZ market. And then there were steam mops! Our members asked in droves for information on them and we obliged. For a while it was the most popular report on our website, www.consumer.org.nz.

When the government announced GST was increasing 2.5 percent from October 1, the Consumer watchdog was ready (nearly). Our Wall of Shame set up to out businesses using GST as an excuse to put up their prices considerably more than 2.5 percent, struck a nerve in a way none of us quite expected. In a couple of days we received 345 nominations and 19,000 visits to the wall. It didn't crash but we were nearly buried in the sheer number of complaints. What was most satisfying was that some businesses did change their prices.

WHAT WAS ALSO SATISFYING WAS THAT IN A TOUGH YEAR FOR NEW ZEALANDERS IN EVERY RESPECT, OUR SERVICES WERE IN DEMAND.

We headed a campaign to get down the costs of terminating mobile phone calls on competing telecommunication companies' phones. And won. The Commerce Commission agreed to reverse an earlier decision not to regulate.

What was also satisfying was that in a tough year for New Zealanders in every respect, our services were in demand. This is reflected in the financial result, which is the best we have had for many years.

The magazine stabilised and there were record visits to the website. Our other revenue earning businesses including sales of single reports, sales of endorsements, and contracts to do research and tests for mainly government agencies prospered.

None of this could have happened without the extraordinarily talented and committed executive team, the enthusiasm of the entire staff to embrace new ideas, and the support and guidance of the board.

I wish to place on record my thanks to retiring board chairman Mark Bedford. He has been an untiring supporter of both myself and the organisation. ■

SUE CHETWIN
CHIEF EXECUTIVE

MEMBERS OF THE BOARD.

From left standing

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.

Amanda Santos-Trew, Wellington

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.

Rob Crozier, Wellington

Rob Crozier is a former Director of the PSIS and was General Secretary of the Association of University Staff. He has been a Consumer member for more than 30 years.

Nicola Wills, Wellington

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. She chairs the Interim Consumer Foundation Board.

From left sitting

Richard Aston, Auckland

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.

Mark Bedford (Chairman), Mt Maunganui

Elected to the Board in 2002 and Chairman since 2003. Previous board experience includes 13 years on the Board of Trustees of a national polytechnic, primary and intermediate schools boards of trustees, and 7 years as Chairman of Waipuna Hospice. Associate fellow of the New Zealand Institute of Management.

Jo Bransgrove (Deputy Chairman), Wellington

Chairs Consumer NZ Audit and Risk Committee. President Wellington Employers Chamber of Commerce and board member Business NZ. Previously Group General Manager Corporate NZ Trade & Enterprise; Senior Manager & Secretary to the Commerce Commission; Senior Manager, NZ Red Cross Society; Chief Executive, Cancer Society.



WHY WE TEST.

During our testing we found that an impressively large side-by-side LG fridge had what's called a circumvention device which sends the fridge into an energy-saving mode when it detects energy-efficiency testing conditions. This results in large temperature fluctuations that can compromise the quality of the food and even warm it to unsafe conditions. These devices have been illegal in fridges since 2007. If this wasn't bad enough, LG then claimed the model's energy consumption per year was 738kWh. But that's only if the illegal device is working. Our testing showed the real energy consumption at 876kWh - a difference of \$32 a year. At that use it would not comply with the Minimum Energy use Performance Standard and shouldn't be sold here. LG withdrew the model - but it was only through our unique energy testing programme that energy consumption was tested.

EXECUTIVE TEAM.



David Naulls
Deputy Chief Executive & Editor-in-Chief



Mark Hughson
Financial Controller



Hamish Wilson
Research & Testing Manager



Scott Feehan
Information & Technology Manager



Miriam O'Connor
Marketing & Business Development Manager



Lynn Green
Contact Centre Manager

ON THE JOB.

Writer Scott Donaldson tests the Aqua Lazer steam mop - the only mop out of six we tested that was found to be better than a cheap and traditional sponge mop.

RESEARCH AND TESTING.

STRATEGIC ALLIANCES with sister organisation Choice in Australia and the International Consumer Research and Testing Agency allowed us to build a significant and up-to-date information resource in key areas such as TVs, whiteware, phones and cameras. While the investment was large at the start, there is tremendous potential to increase the number of products and models on which we report, within each category and particularly with Choice, where we have access to every test or report it generates.

In 2010, we published 59 test reports in the magazine. While the number of tests was slightly down on 2009, the number of products increased substantially in key areas. In 2009 we published two TV tests, covering 11 models in two sizes. In 2010, five reports covered 29 models in six sizes. Among the 29 were our first 3D sets and our first LED/LCD TVs. This is a direct benefit from our new contract with Choice.

We've adopted new tactics to deal with the fast paced nature of product releases. Before the iPad was launched in New Zealand last June, we had published a hands-on review, based on a parallel imported model we bought to beat the local launch date. By the end of the year we had published a test of the iPad and five other e-book readers.

OUR MYSTERY-SHOP OF THE SUNBED INDUSTRY FOUND SIGNIFICANT FAILINGS.



Our mystery-shop of the sunbed industry also found significant failings, while our regular surveys of supermarket prices, appliance reliability, customer satisfaction of appliance retailers, internet service providers, electricity and gas retailers, heating costs and insurance products continued to provide valuable information to our subscribers and newsstand customers.

ADVOCACY AND SUBMISSIONS

2010 continued our proud tradition of campaigns and investigative reporting with 11 submissions, five of which were aimed at the proposed Consumer Law Reform Bill. We also submitted on:

- the Electricity Authority Customer Compensation Scheme
- the Food Labelling Law and Policy Review
- the Natural Health Products Bill
- Led the successful campaign to regulate Mobile Termination Rates
- Followed up our major investigation of 2009 into the financial advice industry, on proposed changes to the Terms of Reference for the Banking Ombudsman Scheme to meet the requirements of the Financial Service Providers Act, and on continuing professional training for authorised financial advisers.

In another follow up to campaigns initiated in 2009, we supplied representatives to government committees where we pushed for mandatory builder licensing, and better warranties on building projects with a specialist building disputes body that consumers can use to sort out problems. Much of this is to be put in place in the next few years, but we will continue to campaign for better rules within the building industry, with the aim of ensuring there will never again be a leaky buildings disaster in New Zealand. ■

CONSUMER ONLINE.

THE WEBSITE goes from strength to strength. We are continuing to post articles on it before they are published in the magazine as part of our philosophy of getting the information out as fast as possible.

We are doing more "first looks" for hi-tech products and were one of the first New Zealand organisations to do a hands-on review of the iPad.

Our databases of product and comparative information continue to grow. We have information on over 100 models in both our heat pump and woodburner databases. In whiteware we have full test results, specifications and profiles for more than 30 models of fridge/freezers, dishwashers and washing machines.

The year also saw us publish more blogs as a way of commenting quickly on topical issues and engaging with our members, and the public.

The GST wall of shame, which allowed people to post businesses which had put up their prices by more than GST, drove huge traffic to the site and attracted hundreds of entries.

We've developed a vibrant online community, with members able to comment on reports and news items, as well as discussing topics amongst themselves and with staff. There have now been over 7000 comments posted on the site and nearly 1500 member product reviews complement our own test results. Our social media presence is increasing, with over 900 Facebook fans and 600 following us on Twitter.

Our website strategy was to make small changes rather than develop anything significantly large and complex. The main reason being the full redevelopment of the website in 2009.

Key areas of development included a review of acquisition processes. This development provided a steady increase in shorter term memberships and also in single report buying.

We also tested the usefulness of a mobile version of the website. This free service to members has shown enough interest for us to pursue this. ■



TRAFFIC TO CONSUMER.ORG.NZ WAS CONSISTENTLY ABOVE 200,000 VISITORS A MONTH.



CONSUMER MAGAZINE.

CONSUMER MAGAZINE continued to publish articles on important consumer issues while still publishing a good mix of tests and surveys. We highlighted again through our testing that photoelectric smoke alarms give significantly better protection against both flaming and smouldering fires than the more common ionisation alarms.

Our mystery shop of sunbed operators closed out the year on a strong investigative note. It confirmed again the lax regulatory standards under which this industry operates and that the current system of voluntary compliance is not working. Only 10 percent of the operators we surveyed met the main parts of the voluntary Australia/New Zealand standard. We want the standard made compulsory and all operators licensed. We also undertook a joint complaint with the Cancer Society to the Commerce Commission about the therapeutic claims some operators made.

We continued our series of articles on financial advisers and were concerned that legislative changes were going to make it less attractive to be an independent financial adviser than to be a "tied" adviser because of higher compliance costs.

Other themes that were picked up during the year were the lack of adequate labelling regulations around food, natural health products and green claims. We also published an investigation into the murky



THROUGHOUT THE YEAR WE PUBLISHED 59 TEST REPORTS IN THE MAGAZINE AND A NUMBER OF SURVEYS.

world of how insurers define terms like "stress" and "feeling depressed" when they assess mental-health claims from their customers.

Throughout the year we published 59 test reports in the magazine and a number of surveys. Two of our surveys – the ISP survey and supermarket prices – are eagerly awaited each year and garner considerable media and industry interest as well.

We also looked at the rapidly expanding world of social media. ■

MARKETING.

WE COMPLETED 2010 with the magazine and premium memberships (magazine and online) above target as were the single report sales. Website traffic was up to an average of 200,000 a month and the Google search activity was a strong performer. The win-back campaign performed well and has been continued. The cross-sell activity from magazine to premium memberships has also performed well.

A research project completed in December 2010 measured high general public awareness of Consumer which currently sits at a healthy 85 percent*. All advertising activity carried key messages about recent and relevant content. The creative direction of the promotional campaign carried the distinctive speech bubble which represents the idea that Consumer has a voice, an opinion and it recognises our advocacy role.

*Synovate 2010, online survey: 837 general public.

A RESEARCH PROJECT COMPLETED IN DECEMBER 2010 MEASURED HIGH GENERAL PUBLIC AWARENESS OF CONSUMER WHICH CURRENTLY SITS AT A HEALTHY 85%.

MAGAZINE AND ONLINE ADVERTISING

Targeted audience: **Hatching Kiwis**



Targeted audience: **Conservative Freedom**



Home Page web tiles, What's New email tiles

CONSUMER.ORG.NZ



BUSINESS DEVELOPMENT.

IN 2010 Consumer continued to provide the only independent power comparison and switching site www.powerswitch.org.nz. The site was promoted via the Ministry of Consumer Affairs-led campaign and this was a success, achieving a significant increase in visits to the site with 267,935 unique visitors, up 13 percent on 2009. An advanced switching facility was introduced during the year generating lead emails to potential new retailers. At year end close to 1400 leads had been forwarded through this facility.

We continued to work closely with the Ministry of Consumer Affairs to scope and plan significant enhancements to the site which are due for launch in 2011 as part of the government's broader suite of switching initiatives.

The development of www.telme.org.nz, a free telecommunications comparison website, was well underway across the last two quarters of 2010 with a launch planned for the first half of 2011.

We researched, tested and published on energy efficient lighting options in support of the Electricity Commission's 'Rightlight' campaign which provides information online and in-store around efficient lighting options in the home.

Smoke Alarms were tested and reported on in February in conjunction with ACC. This was a popular article. A series of tests and articles were also commissioned for ACC to support its anti slip messaging. The articles are to be published in 2011 on outdoor surface products, outdoor lighting products and indoor flooring products.

An article and test of showerheads was completed for the Energy Efficiency and Conservation Authority in August.

Many articles were published in association with the New Zealand Food Safety Authority which included lunchbox safety, fat content in spreads, food poisoning risks, free range eggs, baby food, natural health foods, energy shot drinks, snack bars, bread content, food labelling, weight loss programmes, mince content, mayonnaise and finally, also in association with the New Zealand Stroke Foundation, the topic of salt content in food was reviewed and promoted.

The Consumerbuild website was also maintained throughout the year with the Department of Building and Housing. ■

slash the SALT
Salt is sodium chloride. It's the sodium in salt that's bad for your health.
Use these guidelines to choose lower-salt foods:

LOW SALT	MEDIUM SALT	HIGH SALT
Less than 120mg sodium per 100g	120-400mg sodium per 100g	More than 400mg sodium per 100g
Good choice	OK	Limit

Use this checklist to help you pick lower-salt (sodium) options:

Bread	Less than 450mg sodium per 100g
Breakfast cereals	Less than 400mg sodium per 100g
Table spreads	Less than 400mg sodium per 100g
Crackers	Less than 350mg sodium per 100g

Salt in everyday foods
SODIUM CAN'T BE MADE BY THE BODY SO WE NEED TO GET IT THROUGH WHAT WE EAT - BUT ONLY IN VERY SMALL AMOUNTS.

IN ASSOCIATION WITH THE NEW ZEALAND STROKE FOUNDATION, THE TOPIC OF SALT CONTENT IN FOOD WAS REVIEWED AND PROMOTED.

OUR ADVISERS.

UNsung HEROES at Consumer are our advisers who daily help members with their queries. In 2010 they handled 2600 phone calls and nearly 1500 emails, and letters. As we moved into winter they received many calls about the government's scheme for insulation related to quotes for the work, costs of using non Energy Efficiency Conservation Authority-approved suppliers. They found that sometimes even after the subsidy, the non-approved tradesmen were cheaper.

Members also contacted us after they had looked at our website and we talked them through items of interest on which they needed further explanation. This particularly applied to heat pump and ventilation reports.

We also referred people to the website for reports they didn't know we had. Water damage and cell phones was a popular request.

People who don't have access to computers can be disadvantaged when it comes to accessing information. On the other hand, the Virtual Doctors/Microsoft scam came to NZ and we were able to quickly get out information on that.

Of course we get the quirky queries. A couple of unrelated cases last year had the advisers scratching their heads. Someone had had a dental plate costing \$3500 for only six months when it cracked (he had had previous plates so knew which foods to avoid)

so his rights under the Consumer Guarantees Act were explained.

We also had a dentist contacting us about a three-and-a-half- year old porcelain crown that the patient had cracked and had had repaired elsewhere, and was wanting a remedy under the CGA.

Our advisers, who have legal qualifications and experience provide practical responses to members' inquiries. While we don't provide a full legal service, our goal is to give members the information and resources they need to resolve their problems.

And judging by the feedback, members who use the service value the advice and frequently are able to use it to get positive outcomes.

Our Contact Centre was also busy during the year fielding 17,000 calls and 21,000 emails. ■

CALL CENTRE.

17,000
INBOUND CALLS

21,000
EMAILS



CONSUMER RECOMMENDS.

THE CONSUMER RECOMMENDS programme, which allows manufacturers and service providers to use our recommendations in their promotions, exceeded targets for uptake.

It was used in promotional activity by many leading brands including Accuro, GT Radial, Econergy, Canon, Goodyear, Breville, First Alert, Rinnai, Lawnmaster, Kumho, Aquatica, Aqua Lazer, Fisher & Paykel, and Samsung.

This year we saw the label used at point of sale, on websites, in advertising on television, on radio and in print as well as in advertising, in print promotional material.

Manufacturers have also provided positive feedback in relation to the programme.

Recent research shows that 83 percent* of people would be influenced by the Consumer Recommends label when purchasing a product which provides us with a measure of the confidence it gives consumers. ■

*Synovate 2010, online survey: 837 general public, 1,173 subscribers, 402 non-subscribers using Consumer services.

OFTEN JUST SEEING THE TICK ON OUR POINT OF SALE WAS ENOUGH AS THERE SEEMED TO BE A VERY HIGH RECOGNITION OF THE BRAND.

Jamie Stewart
NZ Marketing Manager
Goodyear and Dunlop Tyres ■

THE CONSUMER RECOMMENDS ENDORSEMENT WAS USED ON OUR ELITE WASHING MACHINE PRODUCTS, WE FOUND IT AN EFFECTIVE TOOL IN REASSURING OUR CUSTOMERS THAT THEY WERE PURCHASING THE BEST PRODUCT FOR THEIR NEEDS.

Carlos Bagrie - Business Development Manager
Fisher & Paykel Appliances ■



YOUR MEMBERSHIP

CONSUMER NZ thanks its members, report buyers and casual magazine purchasers for their support in 2010. Without you we could not undertake the substantial testing, surveying and campaigning work we do. Many people mistakenly believe Consumer NZ is government funded. That is not so. The bulk of our funding comes from publishing the results of our research work in both the magazine and online. Without substantial membership to those services we would not survive. We look forward to and welcome your continuing support in 2011. ■



FINANCIAL STATEMENTS

- 18 Audit report
- 20 Financial Statements
- 22 Notes to the Financial Statements



Independant Auditor's Report

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To the Stakeholders 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 2010, 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 Responsibility for the Financial Statements

The Board are responsible for the preparation and fair presentation of these 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 Responsibility

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 and fair presentation of the financial statements 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 overall 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.

Chartered Accountants
Member of Grant Thornton International Ltd



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 2010, and of its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.

Report on Compliance Regulatory Requirements

In accordance with the Incorporated Societies Act 1908 section 23 we have audited the financial statements and obtained all the information and explanations that we have required.

Grant Thornton New Zealand Audit Partnership
Wellington, New Zealand
02 March 2011

FINANCIAL STATEMENTS.

Statement of Financial Performance

FOR THE YEAR ENDED 31 DECEMBER 2010

OPERATING REVENUE	NOTE	2010	%	2009	%
Membership subscriptions		4,823,402	81%	4,920,940	82%
Interest income		260,562	4%	246,894	4%
Other income	3	847,158	14%	841,702	14%
		5,931,122		6,009,536	

OPERATING EXPENSES	NOTE	2010	%	2009	%
Production and distribution		1,184,733	21%	1,356,036	22%
Membership promotions		1,022,053	18%	1,228,162	20%
Administration:					
Audit fees		11,304		8,411	
Board fees and expenses		66,710	1%	63,535	1%
Depreciation		377,240	7%	249,236	4%
Information Technology		186,447	3%	214,898	4%
Loss on Disposal of Assets				1,194	
Office Premises Lease		169,394	3%	169,020	3%
Personnel		2,074,743	37%	2,211,425	37%
Other administration expenses		468,923	8%	549,372	9%
		5,561,547		6,051,289	
Net Surplus (Loss) transferred to accumulated funds		369,575		(41,753)	

Statement of Movements in Equity

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
Balance at 1 January	2,739,576	2,781,329
Surplus (Loss) for the year	369,575	(41,753)
Balance at 31 December	3,109,151	2,739,576

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

FINANCIAL STATEMENTS.

Statement of Financial Position

AS AT 31 DECEMBER 2010

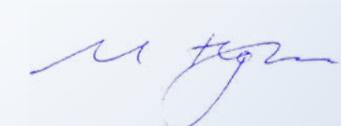
ASSETS	NOTE	2010	2009
Current Assets			
Cash at bank	4	161,783	287,131
Accounts receivable		126,926	102,136
Accrued interest		92,723	68,007
Stock on hand	5	6,032	21,929
Prepayments		420,649	291,676
Short term deposits	6	4,550,000	3,950,000
Total current assets		5,358,114	4,720,879
Term investments			
	7	200,000	200,000
Fixed Assets			
	8	1,274,768	1,403,120
TOTAL ASSETS		6,832,882	6,323,999

LIABILITIES AND ACCUMULATED FUNDS	NOTE	2010	2009
Current Liabilities			
Accounts Payable		307,154	333,187
Employee entitlements	9	142,926	128,190
GST Payable		36,585	24,368
Other provisions and payables		44,809	81,922
Total current liabilities		531,474	567,667
Deferred subscriptions income			
	10	3,116,126	3,016,756
Other deferred income			
		76,132	-
Accumulated funds			
		3,109,150	2,739,576
TOTAL ACCUMULATED FUNDS AND LIABILITIES		6,832,882	6,323,999

For and on behalf of the Board who approved these financial statements for issue on 25 February 2011



M Bedford, Chair



M 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 2010

1. Statement of Accounting Policies

Reporting entity

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

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

Consumer NZ Incorporated qualifies for differential reporting exemptions as 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 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

(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 2010

2. Taxation

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

3. Other Income

Other income comprises business development initiatives (projects), endorsement program revenues, newsstand sales, online report sales, publication and binder sales, and other income.

4. Cash comprises cash balances held with banks in New Zealand

	2010	2009
Cash at bank	81,783	37,131
Call deposits	80,000	250,000
	161,783	287,131

5. Stock on Hand

	2010	2009
Unsold test goods	3,845	7,581
Publications	2,187	14,348
	6,032	21,929

6. Short Term Deposits

All term deposits mature prior to 31 December 2011.

	2010	2009
Bank of New Zealand	1,000,000	1,950,000
National Bank of New Zealand	-	2,000,000
ASB	2,000,000	-
RaboDirect	1,550,000	-
	4,550,000	3,950,000

Interest rates on investments held range from 5.05% to 5.60% per annum (2009: 4.60% to 6.11%).

7. Term Investments

	2010	2009
Auckland City Council Bond (matures 24 March 2014)	200,000	200,000
	200,000	200,000

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

NOTES TO THE FINANCIAL STATEMENTS.

FOR THE YEAR ENDED 31 DECEMBER 2010

8. Fixed Assets

2010	COST	ACCUMULATED DEPRECIATION	BOOK VALUE	DEPRECIATION
Computers & Software	359,207	252,397	106,810	87,053
Website Development	1,008,802	307,941	700,861	204,818
Motor vehicles	43,467	32,424	11,043	8,694
Furniture & Equipment	267,796	118,322	149,474	32,607
Fixtures & Fittings	395,841	95,334	300,507	44,068
Trademarks	6,075		6,074	
	2,081,186	806,418	1,274,768	377,240

2009	COST	ACCUMULATED DEPRECIATION	BOOK VALUE	DEPRECIATION
Computers & Software	342,590	165,338	177,250	75,295
Website Development	783,598	103,126	680,476	88,020
Motor Vehicles	43,467	23,730	19,736	8,694
Furniture & Equipment	266,808	85,720	181,088	33,276
Fixtures & Fittings	395,841	51,270	344,570	43,951
Trademarks				
	1,832,304	429,184	1,403,120	249,236

9. Employee Entitlements

	2010	2009
Annual Leave	79,120	76,959
Service Leave	8,469	
Retirement Leave	4,061	4,061
Payroll Accrual	51,276	47,170
	142,926	128,190

10. Deferred Subscriptions Income

	2010	2009
2010		1,622,580
2011	1,746,071	497,338
2012	594,742	896,838
2013 +	775,313	
	3,116,126	3,016,756

NOTES TO THE FINANCIAL STATEMENTS.

FOR THE YEAR ENDED 31 DECEMBER 2010

11. 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 Nicola Wills (Chair), David Russell, Sue Chetwin, and Jo Bransgrove.

During 2010, Consumer NZ Incorporated received \$8,000 from the Consumer Foundation. This was the balance owing of an \$11,500 grant issued by the Consumer Foundation in 2009 to maintain a product safety database.

Consumer NZ Incorporated holds one B class share in ICRT, an international testing company. This share was last valued at \$30,000 in 2002 but payment has not been sought. Until a current valuation is available and payment settled, this shareholding has not been recorded as an investment. The \$30,000 liability has been accrued as an operating expense in the interim.

12. Operating Leases and Rents

	2010	2009
Commitments under non-cancellable contracts:		
Not later than one year	199,799	172,464
Greater than one year	990,412	1,130,271

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

13. 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 minimal risk;
- 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 (2009: NIL).

14. Contingent liabilities

There were no contingent liabilities as at 31 December 2010 (2009: NIL).

NOTES TO THE FINANCIAL STATEMENTS.

FOR THE YEAR ENDED 31 DECEMBER 2010

15. Capital Commitments

As at 31 December 2010, Consumer NZ Incorporated had entered into agreements with suppliers to purchase the following capital items:

■ TelMe website development	62,956
■ Replacement printer/copier equipment	21,300

There were no capital commitments as at 31 December 2009.

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