



ANNUAL REPORT 2008
FOR THE YEAR ENDED 31 DECEMBER 2008

consumer.

Making decisions easy

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 nearly 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. ■

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CHANGE WAS A CONSTANT
AND WE SAW THIS WITH
OUR SUBSCRIBER
BASE – THE MESSAGE
WAS CLEAR:
INCREASINGLY
YOU WANTED
TO RECEIVE
US ONLINE.





The time has never been more right to be a member or subscriber to Consumer NZ. As the world and New Zealand moved into an economic recession in 2008, this unique organisation was better-placed than most to offer unbiased help to people who needed to save money or to stretch their dollar further. Its no-nonsense approach to testing products and services remains unchallenged. It remains the “go-to” medium for people wanting the best value from the products and services they buy.

An aim in 2008 was to make Consumer more widely available to people when they were out making purchasing decisions. To that end in October we started a trial of selling the magazine at supermarkets, book stores and larger sellers of magazines. So far that has been successful, and we’re investigating others ways of getting our recommendations into people’s hands.

We’ve continued to rate and test hundreds of products and we’ve spoken out strongly when we’ve had cause for concern.

We’ve recognised that a big part of the organisation’s future lies with its online services and have significantly invested in a redesign and upgrade of the website www.consumer.org.nz which will be launched in May 2009. It was pleasing to note that PowerSwitch, a

Consumer website developed with the assistance of the Ministry of Consumer Affairs, dramatically increased visitor numbers through the winter. Again this showed the importance of our work— as electricity prices skyrocketed, Consumer was there providing free independent advice to help people find the best-value retailer in their area.

There’s no doubt the organisation is facing challenging times and we can only continue to do our work with the support of everyday New Zealanders. My thanks to all the members who already provide loyal support.

I would also like to thank the Board for their enthusiasm for the work of the organisation and for providing guidance during the year. My sincere thanks to our Chief Executive Sue Chetwin and her dedicated staff without whom we wouldn’t have an organisation. We are in challenging times and our biggest challenge is the survival of our organisation for future New Zealanders. You can rest assured that we are all working vigorously to achieve that goal.

Mark Bedford
Chairman of the Board



The importance of the work Consumer NZ does was no better illustrated in 2008 than when we tested instant noodles – a healthy snack you might think and just the fix the kids needed after a day at school. But that’s where you would be wrong. We found instant noodles to be high in fat, saturated fat and or sodium. We couldn’t recommend any of them and didn’t. As a result, I had mothers thanking me - they had no idea some noodles contained more fat than a Big Mac or McDonald’s large fries.

The story could have ended there, our work done. But one of the largest purveyors of instant noodles, Maggi, took our findings so seriously it reformulated. Maggi 2-minute noodles are now air baked rather than fried, cutting the fat content in chicken flavoured noodles from 15.9g to 2.2g. The sodium content is still too high but Maggi reckons it’s working on that.

A principal aim of Consumer NZ is to arm people with the knowledge that allows them to make informed decisions - be that at the supermarket, appliance store, bank, local council or dealing with a government department.

2008 was a busy year for the organisation including making the magazine available for the first time in its history at supermarkets, bookstores and major retailers

of magazines. The October issue marked the new era, brought about by the belief that we should make ourselves and our services more accessible to consumers.

As part of the October launch we redesigned the magazine and logo, and came up with a tagline, which we thought encompassed our work: “Making decisions easy.” Little did we know then how hard decisions were going to become for consumers. In response we tried to tailor our advice to help people make their money go further. We have continued that into 2009.

Change was a constant and we saw this with our subscriber base – the message was clear: increasingly you wanted to receive us online. Subscriptions to the website grew as did our premium offering (online and magazine) but, like other publishers, we found people who wanted to subscribe to the magazine alone kept dropping. Newsstand helped, but while the total subscriber numbers held, the type of subscription changed. In response to that we committed a large resource to redesigning and rebuilding www.consumer.org.nz. The redesign was completed in 2008 and the rebuild will see the site relaunched in May 2009 with features like live pricing, subscriber product reviews and much improved product selection and comparison tools.

In the midst of all that and after more than 30 years in our Wellington offices we shifted to a new custom-built space. We now all work on one floor, rather than three floors, with a floor dividing us. And we enjoy that novel office feature – air conditioning.

We finished the year in reasonable financial heart, though we were not inured from the economic recession. We have reported a loss, partly due to the cost of an extraordinary website outage.

I want to thank the board for recognising without investment Consumer cannot grow and for providing a steering hand in one of the most difficult economic climates this organisation has faced. I specially want to thank the staff and the executive team. Our organisation is based on principles and values, all of which are reflected in the people who work for Consumer and in their commitment.

Of course thanks to you, our subscribers, readers, report buyers, newsstand and online browsers. We exist because you value our work.

Sue Chetwin
Chief Executive

MEMBERS OF THE BOARD

Andrea Hammond, Wellington

Independent consultant specialising in consumer insights and brand strategy. Over 17 years in marketing, advertising and branding, including 10 years as account director and strategic planner at Saatchi & Saatchi. Qualifications: BCom (Economics)

Peter Sutton, Wellington (sitting)

Owner/Managing Director of furniture retail, manufacturing and upholstery company. Previously Assistant Chief Executive, Research & Testing Manager of Consumers' Institute. Left to pursue international yachting and project management. Life member of Consumers' Institute. Elected to the Board in 2004.

Mark Bedford, Mt Maunganui (Chairman)

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.

Rob Crozier, Wellington (Co-opted)

Rob rejoined the board in December after the resignation of Mike O'Donnell. Rob was the highest polling unsuccessful candidate of the 2008 election. He is a Director of the PSIS; previously general secretary of the Association of University staff. A Consumer member for 30 years.

Tim Brown, Palmerston North (sitting)

Emeritus Professor of Microbiology, Massey University. Past HOD of Microbiology and Genetics at Massey. Leisure interests include writing, theatre, playing the saxophone, skiing, reading, gardening and walking.

Jo Bransgrove, Wellington (Deputy Chairman)

Currently, owner ORA Design Gallery Wellington, President Wellington Chamber of Commerce. 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.

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.





OCTOBER MARKED A NEW ERA FOR CONSUMER NZ. WE ADDED ANOTHER EIGHT PAGES OF CONTENT TO THE MAGAZINE AND FOR THE FIRST TIME MADE IT AVAILABLE TO BUY AT SUPERMARKETS, BOOKSTORES AND MAJOR RETAILERS OF MAGAZINES.

IT WAS AN EXCITING STEP FOR OUR ORGANISATION BROUGHT ABOUT IN THE MAIN, BECAUSE WE BELIEVE WE SHOULD MAKE OURSELVES AND OUR SERVICES AS ACCESSIBLE TO CONSUMERS AS POSSIBLE.

THE SENIOR EXECUTIVE TEAM



Sue Chetwin
Chief Executive



David Naulls
Deputy Chief Executive & Editor-in-Chief



Alastair Hoult
Financial Controller



Belinda Allan
Research Manager



Andrew Leggott
Online Manager



Karen McDonald
Marketing & Business Development Manager

ON THE JOB



Writers Luke Harrison and Libby Manley with Kathleen Shaw from the NZFSA in a food tasting.

CONSUMER FAMILY

In June we introduced you to the Lightfoot family from Christchurch – like many other Kiwi families they were looking for ways to make each dollar go further. During the next six months Anna and Clayton, both aged 32, and seven-month-old Harry shared their lives with our readers, as we helped them save money on electricity, phone and broadband, mortgage costs, transport and health insurance. We also met their wider family.

Our first article looked at electricity. Using powerswitch.org.nz we found they could save \$77 a year simply by switching to a cheaper company. They also took on board other tips like turning off unnecessary lights. Said Anna; “We’ve saved overall – talking to friends and comparing power bills ours is cheap.”

In July we priced phone and broadband packages. Anna and Clayton wanted broadband and Skype to make calls over the internet. Comparing plans from five providers, we worked out they could save between \$120 and \$180 a year.

August was the turn of Clayton’s sister Nina and her husband Mitch.

They’d recently bought a house and we compared six types of mortgages and repayment strategies. For this couple, a two-year-fixed rate mortgage combined with extra lump sum payments was an attractive option. It would have allowed Nina and Mitch to save over \$200,000 on a \$350,000 mortgage and get it off their back in a little over 14 years.

September saw us talking with Anna and Clayton about ways to keep down fuel costs. Transport is the third-largest category of household expenditure and mostly goes on cars. The Claytons were already doing a lot to reduce costs – covering short distances on foot or by bike, maintaining their vehicles and going easy on the gas. Our top three tips to reduce fuel use were: plan your travel and try to drive less; check tyre pressures; drive smoothly on the open road.

In our last issue with the Claytons we looked at health insurance for Anna’s parents Ray and Marion. Comparing policies we worked out the best deals could save them \$70 a month. We added in Nina and Mitch and reckoned the younger couple could save \$40 a month in premiums. ■

TRANSPORT IS THE THIRD-LARGEST CATEGORY OF HOUSEHOLD EXPENDITURE AND MOSTLY GOES ON CARS.



CONSUMER ONLINE

Increasingly consumer.org.nz becomes important to our organisation as more consumers go online for their product and service information.

In response we have continued to expand the range of information and interactive resources available. Some of the most popular site resources include our product databases for digital cameras, heat pumps, printers, vacuum cleaners and whiteware, along with our range of price comparison services, and legal rights' guides.

Visits to powerswitch.org.nz, our free electricity price comparison service, increased by 72 percent in 2008, reflecting growing concern over rising electricity prices and consumers wanting to ensure they were getting the best electricity deal.

We are looking to make a raft of improvements to Powerswitch in the coming year, to ensure it continues to meet the information needs of users.

In 2008 we started a full redesign and redevelopment of the site, planned for release in May 2009. We've been working with award-winning web design firm Shift and 3Months.com on this project.

Features of the new site will include improved product selection and comparison tools, greater capacity for members to comment and engage with other members, the ability for members to rate products, and improved video and interactive content. ■

IN 2008 WE
STARTED A FULL
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CONSUMER MAGAZINE

Consumer magazine continues to be our flagship publication. While subscriptions have fallen in the past year, it remains one of the larger circulating titles in the country.

The major development in 2008 was the decision to sell it on newsstand as part of a 6-month trial. Sales have been steady since the launch issue at about 3500 per issue.

The value of its independent and unbiased reporting and testing was recognised in the Qantas Media Awards when it won Best Trade and Professional magazine for 2008.

We've continued to rate and test hundreds of products and have spoken out strongly where we discovered cause for concern. The most notable instance of this was following our test of sunscreens in the June issue. Two Cancer Society sunscreens and one SunSense sunscreen failed a sun-protection claim, which prompted us to lay a complaint with the Commerce Commission.

The Commission decided to take no further action against either manufacturer because the compulsory sunscreen standard in Australia is being reviewed to address the issues raised by our test. We will be monitoring the results of this review with great interest.

We also looked into the "black box" of rapidly rising dairy prices and how consumers may be disadvantaged by the lack of competitive pressures in that market. Our price-tracker series was also launched, which looked at the prices of energy and various food products. Prices continue to be a focus of our work.

Our strong position in food and health was maintained - the highlight being a feature on breakfast cereals and the "unhealthy" marketing practices aimed at kids.

We took a hard line on the overly complex and imprecise fees' structure for KiwiSaver funds. Our survey of managed funds revealed that the major funds produced a lower return over 10 years than a 6-month bank term deposit during that period.

Our surveys on supermarket prices, appliance reliability and ISPs continued to garner strong media and industry interest.

As the global recession began to hit in late 2008, we began planning for how we could help members cope. The first few issues of next year will feature tips on how to make your money go further and all major appliance tests will have advice on what to look for when buying second-hand. ■



MAKING A DIFFERENCE



Internet banking security

■ The banking industry has revised its Code of Practice following consultation with Consumer NZ and Internet NZ.

Since August 2007 the code has put almost all the blame for internet banking fraud on customers. If your money was stolen and you hadn't installed the latest up-to-date internet security, you could be liable for the loss. The banks also had the right to search your computer to make sure you'd taken these precautions.

Consumer NZ opposed these rules. We're pleased that the code has been revised. Banks no longer reserve the right to inspect your computer when deciding to reimburse your loss from internet banking fraud. However, there's still no guarantee that banks must reimburse customers so make sure your internet security software is up-to-date.

Mobile moisture

■ In July (*Consumer 482*) we reported that some consumers were being held responsible if their mobile phone got "water damage".

Daniel Claus, a member from Nelson, had to pay a \$55 inspection fee and replace a \$300 phone that had lasted less than a month because the phone got water damaged and couldn't be fixed. Daniel maintained he never took the phone out of his bag when it rained, and that the phone never got wet in any way.

Daniel lodged a complaint with the Disputes Tribunal – and then Telecom came to the party, offering to refund the cost of the phone and the repair fee. That was great news for Daniel.



Instant noodles

■ In May (*Consumer 480*) we looked at instant noodles, pastas and rices. All the instant noodles in our survey were too high in either fat, saturated fat, or sodium. Some brands had more energy, saturated fat and sodium than a Big Mac or large McDonald's fries.

Since our report Maggi has reformulated its 2-minute noodles. Maggi noodles are now air-baked rather than fried. This has reduced the fat content in their chicken flavour from 15.9g to 2.2g of fat per serve.

Unfortunately, the sodium content has increased from 957mg to 1260mg per serve. Maggi acknowledges this and says it'll aim to reduce sodium levels without compromising taste.

Most instant noodles are too high in sodium (and often fat) to be eaten regularly. Look for products with less than 10g fat, 5g saturated fat, and 1150mg of sodium per packet.



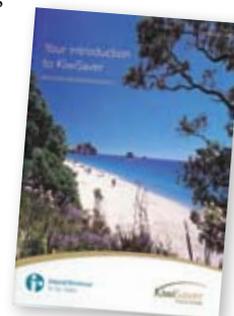
Kiwisaver fees fiasco

■ We're pleased that the government is going to investigate KiwiSaver fees.

In June (*Consumer 481*) we said that comparing KiwiSaver schemes on the basis of fees was nearly impossible. Many companies charge an administration fee, management fee, trustee fee, and monthly membership fee – all for different percentages or values. Most schemes have confusing and imprecise fee information, peppered with disclaimers and loopholes.

We'd like KiwiSaver fund fees to be more transparent and simple. Providers must also present their information more clearly. Without this, consumers can't make informed decisions about their life savings.

We'll be watching the government's investigation with interest.



OUR ADVISERS

Consumer NZ provides a free service to members. This year our advisers responded to more than 2000 emails and letters, and answered more than 2500 phone calls.

Our advisers, who have legal qualifications and experience, provide practical, plain-English 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.

The advisers will usually tell members of their legal rights in a particular situation and suggest ways to solve the problems. We'll often refer members to the relevant complaint resolution forum, such as Disputes Tribunals and industry Ombudsmen.

Member inquiries to the advice service during 2008 included a large number of complaints about mobile phones, specially water damage and warranties on chargers, and telco companies. There were problems with televisions, computers and domestic appliances - including the old bug bears of extended warranties and misrepresenting the Consumer Guarantees Act. There were a large

number of inquiries about home heating and, unusually, calls from small businesses. Companies going into liquidation provided headaches for our members who wondered what happened to lost deposits and debt collection. There were also queries about insurance policy limitations and the usual internet buying woes.

Judging by the positive feedback, members who use the service value the advice and are able to use it to get positive outcomes or resolutions. The service has clear response-time and inquiry turnaround targets, and has successfully met and bettered these targets throughout 2008.

An important role of the service is keeping us connected with our members and many of the inquiries find their way into articles and reports. We help our members with personalised advice when they need it and in the process we find out about current issues and problems facing our members, and often uncover stories about rip-offs and dodgy deals which we can expose.

But it's not all doom and gloom - sometimes our members let us know about examples of great service! ■



THE ADVISERS WILL
USUALLY TELL MEMBERS
OF THEIR LEGAL RIGHTS IN
A PARTICULAR SITUATION
AND SUGGEST WAYS TO
SOLVE THE PROBLEMS.

TESTING TIMES

Take a walk around your home and look at your appliances. How many do you reckon Consumer NZ has tested? Probably all.

From espresso machines to camcorders, knives to computer security programmes, line trimmers to irons, we've got the house, the garden and even the car well covered. We averaged more than six tests or trials per issue of the magazine and more online, despite some interesting challenges.

We resumed local testing of televisions after struggling to get a good selection of TV sets from our joint programme with Choice in Australia. It's costly, but it enables us to be more up-to-date with the models. We were able to start testing the first available model with a Freeview integrated digital tuner within weeks of it being on sale.

Cost-saving ideas were also high on the agenda: Senior Writer Bill Whitley suggested toasters could be done in-house, and with the aid of the official standard photos of burned toast and a large pile of fresh loaves, he did just that. Because we saved so much on test costs, a \$400 Dualit toaster was included to see if it was worth such a price. It wasn't!

Our testing programme in association with other organisations continued. We published a test on multifunction ladders with ACC and a test of noisy toys with the Ministry of Consumer Affairs.

A project to test heat-pump water heaters in association with EECA was nearing completion at the end of the year. As far as we know, this is a world first, and we designed the test method here. Look out for the results in 2009. ■

BECAUSE WE SAVED SO MUCH ON
TEST COSTS, A \$400 DUALIT TOASTER
WAS INCLUDED TO SEE IF IT WAS
WORTH SUCH A PRICE.
IT WASN'T!



YOUR MEMBERSHIP

Consumer NZ would like to thank its subscribers and report buyers for their support in 2008. Without you we could not continue to 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 subscription to those services we would not survive. We look forward to your continuing support in 2009. ■

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Grant Thornton

Audit Report

The Stakeholders of Consumer NZ Incorporated

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We have audited the financial report on pages 1 to 7. The financial report provides information about the past financial performance of Consumer NZ Incorporated and its financial position as at 31 December 2008. This information is stated in accordance with the accounting policies set out on page 4.

Board Responsibilities

The Board is responsible for the preparation of a financial report that fairly reflects the financial position of the Consumer NZ Incorporated as at 31 December and the results of operations for the year ended on that date.

Auditor's Responsibilities

It is our responsibility to express to you an independent opinion on the financial report presented by the Board.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial report. It also includes assessing:

- the significant estimates and judgements made by the Board in the preparation of the financial report; and
- whether the accounting policies are appropriate to Consumer NZ Incorporated circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial report.

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

Unqualified Opinion

In our opinion the financial report on pages 1 to 7 fairly reflects the financial position of Consumer NZ Incorporated as at 31 December 2008 and the results of its operations for the year ended on that date

Our audit was completed on 27 February 2009 and our unqualified opinion is expressed as at that date.

Grant Thornton
Wellington
2 March 2009

Business Advisers & Chartered Accountants

Grant Thornton Wellington, an independent member firm of Grant Thornton New Zealand.
Other independent member firms in Auckland, Christchurch and Dunedin. Grant Thornton New Zealand is a member of Grant Thornton International Limited.

FINANCIAL STATEMENTS

Statement of Financial Performance

FOR THE YEAR ENDED 31 DECEMBER 2008

OPERATING REVENUE	NOTE	2008	%	2007	%
Membership subscription		5,076,101	85%	4,707,950	80%
Interest income		540,771	9%	541,468	9%
Other income	3	371,690	6%	660,946	11%
		5,988,563		5,910,364	

OPERATING EXPENSES	NOTE	2008	%	2007	%
Production and distribution		1,258,438	20%	1,871,814	32%
Membership promotions		1,272,410	21%	785,408	13%
Administration:					
Audit fees		10,712		15,589	
Board fees and expenses		67,568	1%	65,403	1%
Depreciation		126,993	2%	60,995	1%
Information Technology		233,631	4%	162,636	3%
Loss from Asset Disposals		70,718	1%	4,422	
Occupancy		227,681	4%	213,258	4%
Personnel		2,173,637	35%	2,138,649	37%
Other administration expenses		705,378	11%	507,585	9%
		6,147,166		5,825,759	
Net result transferred to accumulated funds		-158,604		84,605	

Statement of Movements in Equity

FOR THE YEAR ENDED 31 DECEMBER 2008

	2008	2007
Balance at 1 January	3,089,943	3,005,338
Surplus for the year	-158,604	84,605
Balance at 31 December	2,931,339	3,089,943

The accompanying notes form part of the financial statements

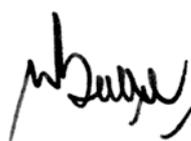
FINANCIAL STATEMENTS

Statement of Financial Position

AS AT 31 DECEMBER 2008

CURRENT ASSETS	NOTE	2008	2007
Cash at bank	4	100,727	351,498
Accounts receivable		83,819	106,136
Accrued interest		77,031	79,152
GST Refund		15,833	
Stock on hand	5	21,574	22,628
Prepayments		168,848	4,378
Total current assets		467,832	563,792
Short term deposits	6	5,350,000	6,400,000
Property, plant and equipment	7	982,011	364,510
TOTAL ASSETS		6,799,843	7,328,302

CURRENT LIABILITIES	NOTE	2008	2007
Accounts Payable		516,872	600,468
Employee entitlements	8	120,869	71,366
GST Payable			38,499
Other provisions and payables		41,801	38,858
Total current liabilities		679,542	749,191
Deferred subscriptions income	9	3,188,961	3,489,168
Accumulated funds		2,931,339	3,089,943
TOTAL ACCUMULATED FUNDS AND LIABILITIES		6,799,843	7,328,302



M Bedford, Chair



A Hoult, Financial Controller

The accompanying notes form part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies

FOR THE YEAR ENDED 31 DECEMBER 2008

Reporting entity

Consumer NZ conducts consumer advocacy and research in New Zealand.

These financial statements are for the reporting entity, Consumer NZ, an Incorporated Society registered under the Incorporated Society Act 1908 ("The Act"). Consumer NZ was formerly known as Consumers' Institute of New Zealand Incorporated. This name change was approved in 2007.

The financial statements of Consumer NZ are prepared in accordance with The Act and all subsequent amendments and the Rules of Incorporation. Consumer NZ 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. Certain expenditure items from 2007 have been restated to aid comparison to the amended 2008 presentation format.

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.

The financials have been reported excluding GST.

Accounting Policies

(i) Revenue Recognition

Membership subscription revenue is recognised on an accrual basis.

(ii) Non-Current Assets and Depreciation

Non-current assets are recorded at cost less accumulated depreciation. Depreciation is 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

(iii) Stocks

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

(iv) Debtors

Debtors 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.

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

2. Taxation

FOR THE YEAR ENDED 31 DECEMBER 2008

Consumer NZ has been granted charitable status by the Inland Revenue Department effective from its date of incorporation and is therefore not subject to income tax.

3. Other Income

FOR THE YEAR ENDED 31 DECEMBER 2008

Other income is derived from project activity, binder and publication sales, and newstand revenue.

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

FOR THE YEAR ENDED 31 DECEMBER 2008

	2008	2007
Cash at bank	50,727	351,498
Call deposits	50,000	100,000
	100,727	451,498

5. Stock on Hand

FOR THE YEAR ENDED 31 DECEMBER 2008

	2008	2007
Unsold test goods	3,058	2,104
Publications	18,516	20,524
	21,574	22,628

6. Short Term Deposits

FOR THE YEAR ENDED 31 DECEMBER 2008

All investments mature prior to 31 December 2009.

	2008	2007
Bank of New Zealand	2,350,000	1,300,000
National Bank of New Zealand	1,500,000	2,500,000
Westpac Trust Bank	1,500,000	2,500,000
	5,350,000	6,300,000

Interest rates on investments held range from 5.75% to 8.91% per annum (2007: 8.59% to 8.88%)

NOTES TO THE FINANCIAL STATEMENTS

7. Property, Plant and Equipment

FOR THE YEAR ENDED 31 DECEMBER 2008

2008	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE	DEPRECIATION
Motor vehicles	43,467	15,036	28,431	8,693
Furniture & Equipment	136,704	69,484	132,074	2,969
Office equipment	126,886	106,034	75,971	20,970
Fixtures and fittings	394,261	176,052	386,946	7,315
Computers & Software	825,292	549,965	358,589	87,046
	1,526,610	916,571	982,011	126,993

2007	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE	DEPRECIATION
Motor vehicles	43,467	6,343	37,124	6,343
Furniture & Equipment	72,890	57,805	15,085	4,171
Office equipment	110,135	82,407	27,728	13,825
Fixtures and fittings	168,737	109,385	59,352	12,363
Computers & Software	688,146	462,925	225,221	24,293
	1,083,375	718,865	364,510	60,995

8. Employee Entitlements

FOR THE YEAR ENDED 31 DECEMBER 2008

	2008	2007
Annual Leave	67,903	38,298
Service Leave	1,482	9,662
Retirement Leave	10,514	10,216
Payroll Accrual	40,970	13,190
	120,869	71,366

9. Deferred Subscriptions Income

FOR THE YEAR ENDED 31 DECEMBER 2008

	2008	2007
2008	-	2,649,326
2009	1,532,308	677,616
2010	646,948	162,226
2011 +	1,009,705	
	3,188,961	3,489,168

NOTES TO THE FINANCIAL STATEMENTS

10. Related Parties

FOR THE YEAR ENDED 31 DECEMBER 2008

Emily Carpenter Charitable Trust is an independent entity. The Trust is governed by two elected trustees from the Consumer NZ Board (T Brown and N Wills) and one staff representative. Consumer NZ received \$17,000 from the Trust in 2008 to maintain a product safety database (\$16,800 received in 2007).

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

11. Operating Leases and Rents

FOR THE YEAR ENDED 31 DECEMBER 2008

	2008	2007
Commitments under non-cancellable contracts:		
Not later than one year	192,841	173,907
Greater than one year	1,649,102	8,091

12. Financial Instruments

FOR THE YEAR ENDED 31 DECEMBER 2008

The financial assets and liabilities of Consumer NZ 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 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

13. Contingent liabilities and capital commitments

FOR THE YEAR ENDED 31 DECEMBER 2008

There were no contingent liabilities and capital commitments as at 31 December 2008 (2007: NIL).

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