

Annual Report 2011



consumer.

Making decisions easy



IN A WORLD OF INCREASING CHOICE AND OFTEN MISLEADING INFORMATION, CONSUMER NZ HAS OVER 50 YEARS' EXPERIENCE OF PROVIDING TRUSTED, INDEPENDENT AND ACCURATE ADVICE.

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Powerful websites



2.6 MILLION

Consumer

Consumer.org.nz had record traffic in 2011 with 2.6 million visits and 15.6 million page views. The site also handled over 20,000 transactions. We also significantly grew our What's New email database which helps connect us with non-members encouraging them to transact with Consumer. Buying single reports was also made easier. Social media was regularly used. We now have 9,000+ social media followers across Facebook and Twitter, up from 1,500 as at Dec 2010.

Powerswitch

Powerswitch had more than 580,000 visits and 3.5 million page views. 46% of the traffic came from the Electricity Authority's successful What's My Number campaign. Powerswitch was used to generate the 'number' for this campaign with users encouraged to continue through the full Powerswitch calculator to help determine whether a retailer switch would save them money.



We ran a significant development programme for Powerswitch in 2011. We freshened the look, improved the questionnaire and having developed a quick calculator for the What's My Number campaign, included this for Powerswitch visitors too.

580,000



54,000

TelMe

We launched telme.org.nz in August, a telecommunications comparison site, which focuses on the numerous products and services available. The site allows visitors to compare services across mobile, internet, home phone, tv and mobile broadband technologies. By the end of 2011 we'd recorded 54,000 visits.

Chairman's report



A strategy to diversify income meant Consumer NZ ended the year in a very healthy position. For the second consecutive year, it finished with a strong surplus which means it can look to the future with confidence.

The organisation identified two areas of significant consumer detriment – in energy and telecommunications. To assist consumers make better choices about both utilities, it invested heavily in developing its free powerswitch.org.nz website and launched a free telecommunications comparison website, telme.org.nz

With Powerswitch, we joined the Electricity Authority and the Ministry of Consumer Affairs in a major campaign to promote switching. The campaign was so successful that for the first time in more than a decade electricity prices to domestic consumers dropped. More than 500,000 people visited the site and tens of thousands switched retailers.

In telecommunications, we were assisted by the Commerce Commission to build TelMe, a comprehensive comparison website. For the first time people can easily make comparisons between the myriad of telco and internet service providers' offerings. Building the site was a huge undertaking but today Consumer NZ is unrivalled in this space. The building blocks are there for this to become a major resource for the organisation.

We also moved into mobile technology. Today our online members with smartphones can receive all our test reports optimised for mobile, ensuring it's easy to make buying decisions when they're shopping.

While the magazine remains popular, it is the growth in online activities (the main website www.consumer.org.nz attracted more than 200,000 visits a month – a record), which stimulated most of the activity. And the future of the organisation lies in this space.

The organisation was also active on behalf of its members and all New Zealanders. It successfully campaigned to bring down the



price of milk. And it made submissions on issues as diverse as the compensation scheme for electricity customers and a code for telecommunications complaints, to food labelling and reporting for Kiwisaver schemes. We participated in the government's financial summit in August; finally we look to have agreement on how to deal with loan shark and pay-day lenders.

Importantly the organisation remains the trusted voice for consumers. Over the next year we will be looking to extend that mandate.

This is my first term as chair and I have been ably supported by my board colleagues. Special thanks to Sue and all the team at Consumer NZ who have worked very hard to achieve this great result.

Nicola Wills
CHAIRMAN OF THE BOARD

Chief Executive's report



Standing up to corporates on behalf of individuals is at the heart of much of our work. There was no better illustration of this than when we launched a campaign to bring down the price of milk.

We knew a trip to the supermarket to buy milk, butter and cheese cost around 50 percent more than it did five years ago – almost double the 26 percent jump in food inflation. What we didn't accept was the reason the dairy giant Fonterra was trotting out – we had to pay more because high international prices flowed into domestic prices. We called for a government inquiry. And we got it. We also called for Commerce Commission oversight of the farm gate price. That looks likely. We also had Fonterra admit it had to reverse the decline in milk sales and one way to do that was to bring down the price. It also started a trial of free milk to primary schools. That's laudable.

We'll keep monitoring milk prices to make sure we continue to make a difference. But what's important is your support gave us the credibility and clout to be heard.

2011 was a big year for Consumer campaigns. We worked with the Ministry of Consumer Affairs and the Electricity Authority on a multi-million dollar campaign to encourage people to switch electricity suppliers if they thought they were paying too much. And you did, in your tens of thousands. Our free Powerswitch website had more than 500,000 visits. Again we measured success by whether we had made a difference. We did. For the first time in a decade electricity prices dropped for domestic users. And retailers were actively competing for customers. The campaign rolls out again in 2012 and we'll be fully behind it.

Based on the success of Powerswitch, we turned our attention to the telecommunications industry – where the number of plans and promotions make electricity tariffs look like child's play. With assistance from the Commerce Commission our free telecommunications comparison and switching site telme.org.nz was launched in August. To give an idea of the

complexity this industry has built into its phone/internet service provider plans, there are more than 37 trillion calculations back ending the site. It's too early to say whether we've made a difference, but like electricity we're hoping the incumbents can no longer rely on consumer inertia to keep their prices high.

Our mystery shop of sunbed operators made depressing reading. Only 12 of 66 operators met all the standards we would expect. We say enough is enough with this industry. It needs to be regulated and licensed. We, along with the Cancer Society, complained to the Commerce Commission about the false claims being made about the health benefits of sunbeds. The commission issued a warning. We won't be giving up. The risk of melanoma is just too high.

Importantly we were right behind proposals to upgrade our consumer laws, particularly those relating to online auctions. It's likely new legislation will be passed in 2012.

Nobody could say 2011 was easy (despite the glory of winning the Rugby World Cup). We tried to tailor our work to fit the country's straightened circumstances. Financially we finished 2011 well. That's largely due to the talented staff and executive team, who have the ideas and wherewithal to ensure we offer the services consumers want. My thanks also to the board for their guidance.

Sue Chetwin
CHIEF EXECUTIVE

Campaigns

91%

OF 1000 KIWIS TOLD US THEY WERE PAYING TOO MUCH FOR MILK.

79%

AGREED WE SHOULD HAVE A GOVERNMENT INQUIRY.

We set up a coalition, lobbied for an inquiry and won. Even dairy giant Fonterra admitted it needed more Kiwis drinking milk. It set up a trial of free milk for schools. The inquiry didn't finish in 2011 but we'll keep watching.



Rest homes

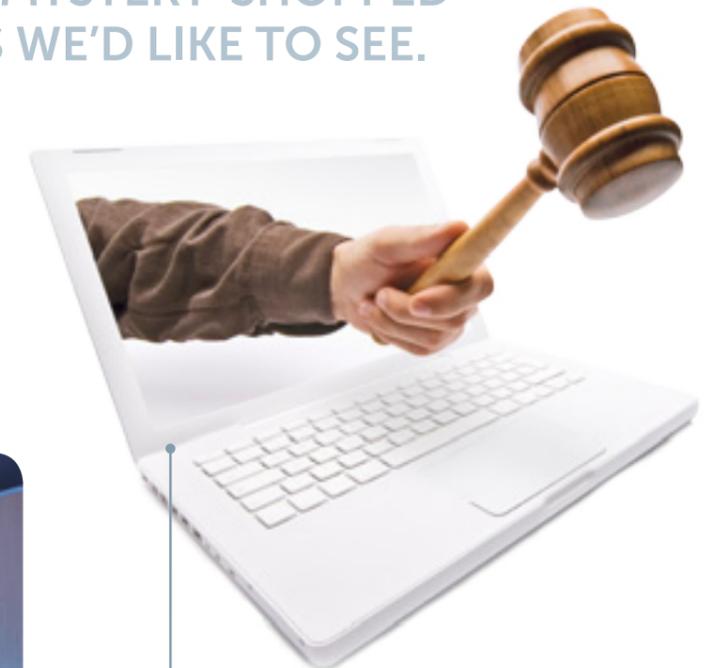
It took more than a year but finally we forced the Ministry of Health to release the names of rest homes it had inspected in 2009. Some of it was not happy reading. The Ministry had refused to release some names because it would negatively affect the homes' "commercial position". The Ombudsman disagreed. He said: "... there is a strong public interest in assuring the public that facilities which receive public funding to care for vulnerable people are held properly accountable for the provision of a service that meets quality and safety requirements". We still think regulation of rest homes is not serving the elderly well.



ONLY 12 OUT OF 66

SUNBED OPERATORS WE MYSTERY-SHOPPED MET ALL THE STANDARDS WE'D LIKE TO SEE.

We complained to the Commerce Commission about some of the false health claims being made. The Commission warned the industry. We say enough is enough. They should be licensed and regulated. The risk of melanoma is just too high. We're sticking with this one!



Consumer law

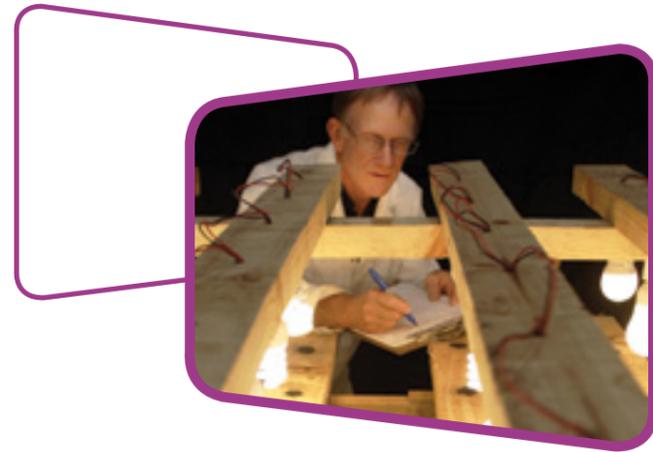
We have been right behind reform of our consumer laws, particularly relating to online auctions, extended warranties, door-to-door sales, laybys and unsolicited mail. Legislation looks likely to be passed in 2012.

Research & testing

Research and testing of products and services remains central to what we do. Our testing programme keeps manufacturers honest and gives our members sound, and reliable recommendations on what products to buy.



INCREASINGLY FOR MOBILE PHONES, DIGITAL CAMERAS AND HIGH-END ELECTRONIC PRODUCTS WE SUPPLEMENT OUR TEST RESULTS WITH A HANDS-ON FEEL. THIS IS SOMETHING WE WILL DO AS MUCH AS POSSIBLE IN 2012.



1 More testing than ever

Through our testing arrangements with Choice (the Australian consumer organisation) and ICRT (the International Consumer Research and Testing programme in Europe) we have been able to offer more test results than ever.

In 2010 we published 59 test reports in the magazine and even more online. This year we published 67 test reports in the magazine plus additional online-only tests.

KEEPING UP WITH TECHNOLOGY

Electronic and computer products are an ever-increasing part of our test programme. We were able to respond to the explosion of interest in e-readers and tablet computers (fuelled by the iPad) by testing both types of products.

We also tested blu-ray players for the first time and a range of home-theatre, and mini hi-fi systems. One aim was to concentrate on medium to high-end systems rather than the lower-end. The clear conclusion was the extra money delivers better sound.

A benefit of our testing arrangement with Choice is that it offers much greater model coverage in TVs than in the past. We published four tests in 2011, which meant we were able to test models ranging in size from 32" to 50".

2 New ground

Children's products are an expanding part of the test programme.

The most important new test was of child car seats. We have never been able to provide full testing of these products before. However, with the co-operation of ICRT, Consumer Union (the US consumer organisation) and the Australian Child Restraint Evaluation Programme we were able to provide test results for 38 restraints. We have since added to our test results and plan an updated test report for the second half of 2012.

We also re-tested car-reversing cameras and again showed in what situations these devices may or may not assist drivers reversing in areas where children are likely to be playing. We worked with Safekids, the national child-injury prevention service, on this project and contributed to a video it made as part of its safety promotion.



3 Surveys that count

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

UNLIKE MOST OTHER PUBLICATIONS AND WEBSITES, OUR RECOMMENDATIONS ARE BASED ON VERIFIABLE TEST DATA NOT PERSONAL OPINIONS. THEY'RE ALSO INDEPENDENT BECAUSE WE DON'T ACCEPT ADVERTISING AND ALL THE PRODUCTS WE TEST WE BUY FROM RETAILERS JUST LIKE ORDINARY CONSUMERS.

4 Testing the basics

Whiteware and kitchen appliances are among our most popular reports and through our testing programme we have been able to more regularly test these products. We published three tests of fridge-freezers, three of washing machines, two of dishwashers and three of stoves and ovens. Our online databases for these products are regularly updated to make sure members have up-to-date information on tested models which are still available.



5 Keeping the heat on

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



Advisory service



“Help files” on the back page of the magazine each month profile the work of our member-only advisory service. It’s an important source of consumer advocacy and highlights the valuable work our consumer advisers do on behalf of members. We know retailers and organisations don’t like featuring on the page!



The mobile service, available via most smart phones, provides access to our test reports and recommendations. We will be improving the site again next year.

Mobile service



Case 1

The case of the **rusty heat pump** in the September magazine used our estimate of the reasonable life of a heat pump at 10 to 15 years to argue the six years Sue Cutmore, our member, got out of her heat pump was too short. The disputes tribunal partly agreed with us and ordered the company to pay Sue \$1200, 40 percent of the original price. We think Sue should have got a full refund because the heat pump had a major fault, and under the Consumer Guarantees Act a major fault entitles you to replacement or a full refund.



Case 2

Our member John Clare couldn't get **Reader's Digest** to stop sending him invoices for a "Bird Watching in New Zealand" pack he hadn't ordered and didn't want. Frustrated with not being able to cancel various Reader's Digest publications despite phoning and writing to the publisher, John got in touch with our advisory service. After we talked to Reader's Digest, John was finally able to cancel the demands for payment. It's not the first time members have complained to us about the difficulty of cancelling Reader's Digest products.



Case 3

When a new flatscreen TV breaks down after two years you don't expect to be told by the retailer it's out of the manufacturer's warranty and it's now your problem. But that's what happened to Chris Davis when he returned his TV to The Warehouse in Albany. Chris complained to us and our adviser got in touch with The Warehouse's customer services manager. That got the desired action and Chris's TV was repaired for free as it should have been in the first place.



ConsumerBuild

Consumerbuild.org.nz grew in popularity with a record 320,000 visits and 750,000 page views. While there was limited development in 2011 there was a review of the site. Expect improvements and upgrades in 2012.

Blogs

Blog topics were broad - from milk to energy and telecommunications. With over 57,000 visits we more than doubled our blog readership from 2010. This was mainly due to an increase in readers from our What's New emails, social media, and the comparison websites Powerswitch and TelMe hosting blogs.



Consumer magazine



Consumer magazine continues to be one of New Zealand's iconic publications. It has been continually published for over 50 years and has a high level of public awareness.

In a regular survey conducted for Consumer NZ by the research firm, Synovate, the magazine had an awareness rate of 79 percent of the population. This shows the continuing importance of the magazine to the Consumer brand.

The magazine and the website, consumer.org.nz, are complementary: the magazine offers a convenient monthly wrap-up of tests and reports; the website offers greater depth of information through its databases, calculators, product-comparison tools and regular updating of information.

One of our challenges is to raise awareness of our website to comparable levels of the magazine.

We continue to feature articles on important consumer issues while still publishing a good mix of tests and surveys.

1 Greater depth through online

Our February article on credit-card rewards programmes in the magazine was used as the basis for an online calculator where members could put in their annual credit-card spend and find the card with the best rewards.

2 Working for our members

Following the Christchurch earthquakes we published a major report on house and contents, and natural disaster insurance.

3 Protecting the vulnerable

We stayed active on the rest-home front – and our major article revealed many rest homes are still falling short of the Ministry of Health's basic standards for rest homes. We plan a further article in the coming year.

4 Making a public difference

May saw another major article published in the magazine and online on the price of milk, and dairy products. Our work in this area – and those of our fellow consortium members – culminated in the government's inquiry into the Fonterra's price setting.

Responsible lending was another major focus and our mystery shop article on "fringe lenders" exposed what we believe are unacceptably high fees and charges on relatively short-term loans. Community and budgeting groups also expressed considerable concern about the activities of this sector. The government has now instituted a review of the Credit Contracts and Consumer Finance Act – the suggested proposals if passed will bring much needed reform to this type of lending.

5 Pushing for regulation

Our mystery shop of sunbed operators revealed yet again that the system of voluntary compliance is not working. Only 17 percent of the operators we surveyed met the main parts of the voluntary Australia/New Zealand standard. This is better than previous years but still too low. The standard must be made compulsory and all operators licensed.

Unfair terms and conditions in standard contracts for gyms, telcos and other services was a strong theme throughout the year. In particular, we closely scrutinised the contracts of medical alarm services and power companies. Only one power company met the minimum terms and conditions for domestic contracts set by the Electricity Authority. As a result of our investigations, we are now pushing for a ban on unfair terms and conditions to be included in the Consumer Law reform Bill before Parliament.

6 Working with regulators

Our joint complaint with the Cancer Society to the Commerce Commission about the therapeutic claims some sunbed operators made during our 2010 survey was successful.

Warning letters were sent by the Commission to around 280 operators reminding them that any false or misleading claims about the benefits of sunbeds risked breaching the Fair Trading Act.

The Board



Oscar Alpers
CHRISTCHURCH

A lawyer with experience in private practice and local government. Currently chairman of the Port Hills Park Trust Board, a member of the Royal Forest and Bird Protection Society, and a Rotarian. Has extensive governance experience in local and central government, the voluntary sector and the commercial sector.



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.



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.



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.



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.



Alexandra Sims
(Deputy Chair)
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.



Nicola Wills (Chair)
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.

Executive Team



David Nauls
Deputy Chief Executive & Editor-in-Chief



Scott Feehan
Information & Technology Manager



Lynn Green
Contact Centre Manager



Mark Hughson
Financial Controller



Miriam O'Connor
Marketing & Business Development Manager



Hamish Wilson
Research & Testing Manager



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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 18 to 24, which comprise the statement of financial position as at 31 December 2011, 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 18 to 24 present fairly, in all material respects, the financial position of Consumer NZ Incorporated as at 31 December 2011 and its financial performance, for the year then ended in accordance with generally accepted accounting practice in New Zealand.

Grant Thornton New Zealand Audit Partnership
Wellington, New Zealand
24 February 2012

Statement of Financial Performance

FOR THE YEAR ENDED 31 DECEMBER 2011
CONSUMER NZ INCORPORATED

OPERATING REVENUE	NOTE	2011	%	2010	%
Membership subscriptions		4,795,585	76%	4,823,402	81%
Interest income		262,381	4%	260,562	4%
Other income	3	1,222,725	19%	847,158	14%
		6,280,692		5,931,122	
OPERATING EXPENSES	NOTE	2011	%	2010	%
Production and distribution	4	1,136,804	19%	1,184,733	21%
Marketing & promotions		1,155,963	20%	1,022,053	18%
Administration:					
Audit fees		9,210	0%	11,304	0%
Board fees and expenses		72,362	1%	66,710	1%
Depreciation		414,065	7%	377,240	7%
Information technology		154,523	3%	186,447	3%
Loss on disposal of assets					
Office premises lease		173,213	3%	169,394	3%
Personnel		2,203,752	38%	2,074,743	37%
Other administration expenses		546,778	9%	468,923	8%
		5,866,670		5,561,547	
Net Surplus (Loss) transferred to accumulated funds		414,023		369,575	

Statement of Movements in Equity

FOR THE YEAR ENDED 31 DECEMBER 2011
CONSUMER NZ INCORPORATED

	2011	2010
Balance at 1 January	3,109,151	2,739,576
Surplus (Loss) for the year	414,023	369,575
Balance at 31 December	3,523,173	3,109,151

The accompanying notes on pages 20-24 form part of the financial statements

Statement of Financial Position

AS AT 31 DECEMBER 2011
CONSUMER NZ INCORPORATED

ASSETS	NOTE	2011	2010
Current Assets			
Cash at bank	5	591,235	161,783
Accounts receivable		71,905	126,926
Accrued interest		56,460	92,723
Stock on hand	6	6,773	6,032
Prepayments		115,732	420,649
Short term deposits	7	4,615,484	4,550,000
Total current assets		5,457,590	4,720,879
Term investments	8	200,000	200,000
Fixed Assets	9	1,432,292	1,403,120
TOTAL ASSETS		7,089,882	6,323,999
LIABILITIES AND ACCUMULATED FUNDS	NOTE	2011	2010
Current Liabilities			
Accounts Payable		351,819	307,154
Employee entitlements	10	156,181	142,926
GST Payable		37,995	36,585
Other provisions and payables		38,985	44,809
Total current liabilities		584,979	531,474
Deferred subscriptions income	11	2,962,559	3,116,126
Other deferred income		19,170	76,132
Accumulated funds		3,523,173	3,109,150
TOTAL ACCUMULATED FUNDS AND LIABILITIES		7,089,882	6,832,882

For and on behalf of the Board who approved these financial statements for issue on 24 February 2012



Nicola Wills, CHAIR



Mark Hughson, FINANCIAL CONTROLLER

The accompanying notes on pages 20-24 form part of the financial statements

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2011
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 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
■ 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 2011
CONSUMER NZ INCORPORATED

2. Taxation

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

3. Other income

	2011	2010
Business development	863,867	521,061
Website maintenance	110,600	
Endorsements	90,003	111,668
Newsstand	53,900	85,679
Single report sales	71,959	69,836
Foreign exchange gain (loss)	285	
Other income	32,112	58,914
	1,222,725	847,158

4. Production and distribution costs

	2011	2010
Business development expenses	66,465	149,171
Printing and distribution	415,812	464,893
Production expenses	92,226	89,359
Test and survey expenses	562,300	481,310
	1,136,804	1,184,733

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

	2011	2010
Cash at bank	56,525	81,783
Call deposits - NZD	70,000	80,000
Call deposits - AUD	418,563	
Call deposits - EUR	46,147	
	591,235	161,783

6. Stock on hand

	2011	2010
Unsold test goods	6,773	3,845
Publications		2,187
	6,773	6,032

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2011
CONSUMER NZ INCORPORATED

7. Short term deposits

All term deposits mature prior to 31 December 2012. Term deposits are held with the following:

	2011	2010
Bank of New Zealand	1,300,000	1,000,000
ASB	2,050,000	2,000,000
Rabodirect	300,000	1,550,000
Kiwibank	965,484	
	4,615,484	4,550,000

Interest rates on investments held range from 4.30% to 5.40% per annum (2010: 5.05% to 5.60%).

8. Term investments

	2011	2010
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

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

2010	COST	ACCUMULATED DEPRECIATION	BOOK VALUE	DEPRECIATION
Computers & Software	359,207	252,397	106,810	87,053
Websites	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

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2011
CONSUMER NZ INCORPORATED

10. Employee entitlements

	2011	2010
Annual leave	64,876	79,120
Service leave	11,843	8,469
Retirement leave		4,061
Payroll Accrual	79,461	51,276
	156,181	142,926

11. Deferred Subscriptions Income

	2011	2010
2011		2,612,252
2012	2,481,190	413,070
2013	398,004	90,802
2014+	83,365	
	2,962,559	3,116,126

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.

Consumer NZ Incorporated did not receive any grants from the Consumer Foundation in 2011. (2010 - \$8,000)

13. Operating leases & rents

	2011	2010
Commitments under non-cancellable contracts:		
Not later than one year	185,406	199,799
Greater than one year	808,326	990,412

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 2011
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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 (2010: NIL).

15. Contingent liabilities

There were no contingent liabilities as at 31 December 2011. (2010: Nil).

16. Capital commitments

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

	2011	2010
TelMe website development		62,956
Replacement printer/ copier equipment		21,300
Powerswitch website redevelopment (Phase II)	97,368	
	97,368	84,256

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