



Consumers International

FINANCIAL STATEMENTS

for the year ended

31 December 2007

Charity Registration No. 1122155
Company Registration No. 4337865

Consumers International

CONTENTS

	Page
General information	1
Report of the Council	3-14
Independent Auditor's report	15
Income and expenditure account	16
Balance sheet	17
Accounting policies	18-19
Notes to the financial statements	20-26

Consumers International

GENERAL INFORMATION

Consumers International is a not-for-profit company limited by guarantee, registered in England. Established in 1960, it is governed by a Council elected from the organisation's membership.

Council Members to November 2007 were:

CI President: Marilena Lazzarini, Instituto de Defesa do Consumidor (IDEC), Brazil
CI Vice President: Felix Cohen, Consumentenbond, The Netherlands
CI Treasurer: Breda Kutin, Slovene Consumers' Association (SCA)
CI Honorary Secretary: Samuel Ochieng, Consumer Information Network, Kenya
Saree Aongsomwang, Foundation for Consumers, Thailand
Pamela Chan, Hong Kong Consumers Council, Hong Kong SAR, China
Rosemary Siyachitema, Consumer Council of Zimbabwe
Salimata Diarra Coulibaly, Association des Consommateurs du Mali
Benedicte Federspiel, Forbrugerradet, Denmark
Armando Flores, Centro para la Defensa del Consumidor (CDC), El Salvador
James Guest, Consumers Union of the United States
Peter Kell, CHOICE (Australia)
Kim Jai Ok, Citizen's Alliance for Consumer Protection Korea (CACPK)
Sri Ram Khanna, Voluntary Organisation in the Interest of Consumers (VOICE), India
Nick Stace, Which? (United Kingdom)
Fernando Moner, Confederación de Consumidores y Usuarios, Spain
Indrani Thuraisingham, Federation of Malaysian Consumer Association (FOMCA)
Maria Jose Troya, Trubina de Consumidores Y Usuarios, Ecuador
Armand de Wasch, Association des Consommateurs/Verbruikersunie, Belgium
Dimitry Yanin, Inter-Republican Confederation of Consumer Societies (KonfOp), Russia

The election of the new CI Council took place in Sydney on 1 November 2007 during CI's 18th World Congress.

Sixty-three ballots were received and the 14 candidates with the highest number of votes were elected to the Council.

As of November 2007 Council members were:

CI President: Samuel Ochieng, Consumer Information Network, Kenya
CI Vice President: James Guest, Consumers Union of United States, United States
CI Treasurer: Armand de Wasch, Association des Consommateurs/Verbruikersunie Test Achats, Belgium
CI Honorary Secretary: Saree Aongsomwang-, Foundation for Consumers
Beatriz Garcia Buitrago, Consumidores Argentina, Argentina
Peter Kell, Australian Consumers Association, Australia
Connie Lau, Hong Kong Consumers Council, Hong Kong
Anna Butterworth, Which?, United Kingdom
Gerd Billen, Federation of German Consumer Organisations, Germany
Felix Cohen, Consumentenbond, The Netherlands
Benedicte Federspiel, Forbrugerrådet, Denmark
Kim Jai Ok, Consumers Korea, Korea
Marilena Lazzarini, Instituto de Defesa do Consumidor, Brazil
Marimuthu Nadason, Federation of Malaysian Consumer Association, Malaysia

Director General

Richard Lloyd (DG to the 22 April 2008)
Gene Kimmelman (Acting DG from 23 April 2008)

Company Secretary: Sam Manoharan

Consumers International

GENERAL INFORMATION

Secretariat and registered office

24 Highbury Crescent
London
N5 1RX

Auditor

Baker Tilly UK Audit LLP
Chartered Accountants
1st Floor
46 Clarendon Road
Watford
Herts
WD17 1JJ

Consumers International

REPORT OF THE COUNCIL (INCORPORATING THE DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2007

The Council of Consumers International, who are also the directors for the purposes of company law, are pleased to present this summary report and the financial statements for the year ended 31 December 2007. The audited accounts reflect the worldwide results for the organisation, including the activities of its constituent regional offices.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Consumers International (CI) is a not-for-profit company limited by guarantee (Registered in England and Wales Number 4337865).

CI is a membership organisation, established in 1960 by national consumer groups who recognised the need for an effective international voice and trans-national co-ordination. In 2007, CI had more than 220 member organisations in some 115 countries. There are three categories of membership – full members, who must comply with CI's rules as independent, non-profit consumer associations, and contribute a percentage of annual turnover towards CI's core costs; affiliate members, which include new consumer associations and organisations with a narrower or more specific consumer interest among their objectives; and government affiliates, which are usually government departments responsible for consumer policy or official consumer protection and competition agencies.

CI is governed by a Council of 20 representatives of full member organisations (as of November 2007 14 representatives), which is elected at a General Assembly of members, and meets once each year. An eight-person Executive Committee, comprising the four officers and four members of the Council, meets three times a year and has delegated powers to oversee CI in between Council meetings.

A Treasurer's Group of three Council members monitors and reviews CI's financial reporting and budgets as well as the effectiveness of internal controls and risk management systems. The Committee also has oversight of arrangements for internal and external audit. An Ethics Committee, also comprising four Council members, handles complaints about possible breaches of membership rules and conflicts of interest. It also reviews the rules to ensure they are up to date and enforced.

The staff are led by a Director General, who is appointed by and accountable to the Council, and has management responsibility for CI worldwide. The organisation's head office is located in London with global and regional programmes supported through regional offices. In 2007 these were located in Santiago (Chile) and Kuala Lumpur (Malaysia).

In 2007, the regional offices in Chile and Malaysia were variously registered with the national governments as branches of CI and are not considered to have independent financial status.

CI has access to international institutions/negotiations through its accreditation with UN bodies, including the World Health Organisation, FAO/WHO Codex Alimentarius Commission, UN Commission on Sustainable Development, UN Conference on Trade and Development (UNCTAD) and the International Organization for Standardisation (ISO).

On 2 January 2008 CI registered as a charity with the Charity Commission for England & Wales.

RISK

In 2007, CI Council members confirmed their understanding of responsibility for risk management. They carried out a review of the strategic risks to the organisation and assessed the measures in place to manage and mitigate these. The principle risks faced by CI was CI's work becoming irrelevant to members and scale down or withdrawal of fees by a big member or members. Clear communication to members to more obviously demonstrate value for money and more funding from other sources were emphasised as mitigating strategies for these risks. Work by staff on risk management was appreciated and they were asked to continue work to establish improved control systems in these areas and also on risks at the operational level.

Consumers International

REPORT OF THE COUNCIL (INCORPORATING THE DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2007

OBJECTIVES AND ACTIVITIES

For 2007, CI's aim was to work for a world in which every country has comprehensive consumer protection laws and market regulation, effectively enforced; universal consumer education; and an independent consumer organisation able to represent consumer interests to policy and decision makers; and consumer's rights are acknowledged and respected in all relevant international decisions.

CI believes in the right of all peoples to live in just and fair societies where consumer rights are established and respected and whose citizens have their basic rights satisfied; are protected against hazardous products and processes; live in a healthy and sustainable environment; play an active role in shaping policies that concern them; can make informed choices between a variety of goods and services; and have the knowledge and skills to be informed consumers. Recognising the particular needs of the poor and marginalized, CI seeks to empower all consumers to:

- Assert these rights both individually and collectively through consumer organisations
- Use their power in the market to drive out abuses and encourage high standards of corporate responsibility
- Ensure the accountability to consumers of global and regional organisations
- Support sustainable consumption and production practices.

STRATEGIC OBJECTIVES

The Strategic Plan 2007-2011 sets out the principles, objectives, goals and strategies for the five years, and is accompanied by a two-year action plan and the first of five one-year workplans. The CI work in 2007 was determined by our long-term strategic objectives, the two year action plan and the annual workplan. The overarching theme for 2007 was '**A new agenda for the world consumer movement**'.

CI's strategic objectives are as follows:

1. Campaign effectively on key issues that matter to the world's consumers and where CI can be the lead voice.

CI is giving priority to campaigning on a small number of key issues so that we can focus our resources on making the maximum impact. We will incorporate core consumer movement principles and actions, including crosscutting consumer rights and responsibilities, and evidence-based analysis, into all our campaigns.

2. Act as a global watchdog on the behaviour of international corporations.

The number of international corporations more than doubled in the past 15 years from 37,000 to 77,000, with some 800,000 national affiliates and millions of suppliers and distributors operating along their value chains. With our international network, CI is uniquely placed to identify and analyse marketplace abuses by international corporations, and to hold them to account. We will promote improvements through expert, independent advocacy driven by evidence-based research.

3. Build strong consumer organisations around the world that can campaign effectively for consumers nationally and through CI globally.

CI has a track record spanning more than four decades of establishing and supporting national consumer organisations in every region of the world. We will build on our past achievements to develop a stronger global campaigning movement, equipped to work in collaboration with partners to achieve our long-term goals.

Consumers International

REPORT OF THE COUNCIL (INCORPORATING THE DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2007

4. Be a strong, sustainable, global umbrella organisation fit for our purpose.

CI must be strong financially and operationally to continue being an effective and efficient force for good. We must be a highly skilled, ethical, inclusive organisation which values and nurtures our staff. We must manage our finances with great care and provide our members and donors with maximum value for their money.

Annual objective 1: Campaign effectively on key issues that matter to the world's consumers and where CI can be the lead voice.

In 2007 our campaigning included the following campaigns:

Campaign against irresponsible drug promotion:

Developed the campaign strategy and set up the campaigns working group

Issued the report "Doctors, Drugs and Dinners"

Built the CI campaign microsite www.marketingoverdose.org

Produced the film "Marketing overdose" (launched in 2008)

Launched World Consumer Rights Day linked to CI campaign strategy for both CI action and member action

Initiated dialogue with strategic companies with a view to realising specific campaign objectives

Presented CI's recommendations on drug promotion regulation at the European level

Marketing to Children campaign:

Lobbied World Health Assembly, successfully achieving a resolution committing the World Health Organisation (WHO) to "develop a set of recommendations on the marketing of food and non-alcoholic beverages to children"

Had over 40 members respond to three consultations in preparation for designing the CI code on Marketing to Children. The draft of the code was also discussed at a "Marketing of Food to Children" workshop at the CI Congress in Sydney

Facilitated CI members to attend WHO regional meetings in order to lobby for restrictions on the marketing of food to children

Successfully ensured that Eastern Mediterranean region of the WHO passed a resolution calling for regulations on the marketing of food to protect children and teenagers

Had 80 CI members signed up to the campaign

Street Food campaign:

Coordinated and facilitated member campaigning activities on street foods and developed an advocacy pack for CI members to use in lobbying national authorities (15 members engaged)

Conducted baseline research on the feasibility of member-led action for training of street food vendors

Consumers International

REPORT OF THE COUNCIL (INCORPORATING THE DIRECTORS' REPORT) FOR
THE YEAR ENDED 31 DECEMBER 2007

Developed and launched the CI web campaign resource (www.streetfood.org)

Communications:

Professionalised CI's press section

Built a durable, lasting relationship with key international journalists including dedicated coverage in many of its key targets such as: *Al Jazeera International, BBC World Service Radio, BBC World TV, CNN International, Reuters, the Guardian, Sky News.*

Ensured that the media coverage of CI World Congress was extensive and global.

Other key issues:

Developed the CI Charter on Sustainable Access to Energy as well as the CI energy strategy

Developed a CI strategic framework for Sustainable Consumption

Led CI delegations in the negotiations of a global standard on Corporate Social Responsibility successfully negotiating the consumer chapter in the global standard

Annual objective 2: Act as a global watchdog on the behavior of international corporations

In 2007 CI:

Held the CI World Congress with the theme of "holding corporations to account". The Congress brought 372 delegates from 90 countries to Sydney, Australia and provided training and campaigning opportunities for members

Conducted an analytical review of the revised International Federation of Pharmaceutical Industries and Associations (IFPMA) Code on pharmaceutical marketing practices

Launched "What Assures Consumers on Climate Change" forming the international benchmark for consumer policy in this area

Launched the "International Bad Product Awards" receiving worldwide coverage of the event

Annual objective 3: Build strong consumer organisations around the world that can campaign effectively for consumers nationally and through CI globally.

In 2007 CI:

Assisted members with comments on Honduras, Argentina and Guatemala revised consumer protection laws

Held regional meetings (at the CI World Congress) at part of our member services

Provided the secretariat for the Trans Atlantic Consumer Dialogue (TACD) and delivered through the network high level evidence based policy positions to the EU and US.

Assisted members with reviewing copyright law in relation to access to knowledge (Indonesia) and conducted multistakeholder workshop. Also supported a copyright law review carried out in Malaysia

Consumers International

REPORT OF THE COUNCIL (INCORPORATING THE DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2007

Handed over member-led campaign areas to member organisations

Provided membership services including information and communication and providing region specific services

Ensured effective and efficient management of region specific projects involving and supporting CI members

Supported skill and experience transfers from large consumer organisations to small consumer organisations (10 initiatives completed)

Developed new accreditation procedure and accredited members to seven Codex Committee meetings, five WHO meetings, and one WIPO meeting.

Annual objective 4: Be a strong, sustainable, global umbrella organisation fit for our purpose.

In 2007 CI:

Began implementing the INGO Charter including completing internal working group review report

Successfully held the CI General Assembly (at the CI World Congress) including electing a new CI Council

Provided effective new and prospective Members information and updated the Member Information/database

Developed a standardised procedure for all CI members to renew their membership

Implemented a standard procedure for fee recovery and membership cancellation

Implemented a comprehensive 6-month web editorial calendar including ensuring two new editorial features a month on website

Developed the CI intranet into a simple and relevant staff/member information portal

Launched Spanish language CI intranet

Secured adequate funding for our work

Increased partnerships with new and existing donors

Expanded our membership base (15 new members).

Created an internal environment that promotes learning and commitment

Ensured solid financial management and control by developing a Integrated Financial Strategy to ensure CI is financially transparent and accountable

Started working on an integrated CI human resources strategy

Consumers International

REPORT OF THE COUNCIL (INCORPORATING THE DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2007

ACHIEVEMENTS AND PERFORMANCE

Of the 115 targets specified in the 2007 annual workplan, three quarters (76 per cent) were achieved or partly achieved:

- **58 were fully achieved (50 per cent); 30 were partly achieved (26 per cent)**
- **18 were not achieved (16 per cent)**
- **10 were deferred to 2008 (nine per cent).**

In 2007, CI provided direct support to consumer organisations worldwide, in countries including Argentina, Azerbaijan, Benin, Brazil, Bulgaria, Chile, Ghana, Guatemala, Honduras, India, Kazakhstan, Kenya, Mauritius, Peru, Russia, South Africa, Seychelles, Uganda, Uruguay, plus networks of consumer organisations in Europe, the United States, and Latin America.

The delivery of member services included much-improved information provision and communications with members worldwide; more than ten skill transfer initiatives among members; accreditation and representation of consumer organisations at 13 multi-lateral meetings; and a completely revamped database of members. A total value of USD 1,146,943 was approved in new project grants for member capacity building. Fifteen new members joined CI in 2007.

CI's two global campaigns – on unethical drug promotion and the marketing of unhealthy food to children – began to make an impact in 2007, with growing participation by national consumer organisations in more than fifty countries. We successfully lobbied the countries at the World Health Assembly achieving a resolution committing the World Health Organisation (WHO) to “develop a set of recommendations on the marketing of food and non-alcoholic beverages to children”. This was the main milestone for this campaign.

Important work in developing countries to raise safety standards in the street food sector saw action by CI members with city authorities in 20 countries, while CI continued to promote developments in consumer protection law and competition policy in Latin America and Europe. An important new report on consumers and climate change (What Assures Consumers on Climate Change” was researched and published in partnership with the NGO AccountAbility.

CI achieved greater press coverage worldwide than at any time in its recent history, and saw significant increases in the number of visitors to our websites and new campaign microsites.

In 2007, hosted jointly with Australian member CHOICE, the CI World Congress brought 372 delegates from 90 countries to Sydney. CI successfully used the event to hold corporations to account (the Congress's overarching theme), with worldwide media coverage and responses from key multi-national corporations to our messages. There were strong debates on CI's key issues, plus important campaign strategy and capacity building sessions. Thirty-four organisations from developing countries and economies in transition (about 25 per cent of all CI Full and Affiliate members) received funding to attend.

A new Council was elected at CI's General Assembly on 1 November 2007, as was CI's first President from Africa. The constitution was amended to enable CI to obtain registration as a charity in the UK. CI continued to make progress in implementing and reporting against the INGO Accountability Charter.

Further important improvements to CI's global financial management system and human resources practices were achieved, with further development planned in 2008.

Consumers International

REPORT OF THE COUNCIL (INCORPORATING THE DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2007

INTERNATIONAL NGO ACCOUNTABILITY CHARTER

The CI's Charter Implementation Plan laid out areas of organisational policy to be examined and individuals responsible for undertaking these initial reviews. Some of the areas were prioritised and a quick mapping exercise was conducted. Prioritised areas included transparency encompassing member communication and consultation and a translation policy, good governance, responsible advocacy, financial management and human resources. Other important areas, yet to be examined, include ethical fundraising, and specific areas within professional management and effective programmes.

In fulfilling its commitment to implement INGO Charter CI did in 2007 the following:

Transparency:

Constituted a Membership Working Group, and prepared and made available updated Membership Criteria Guidelines to the Council

Added a new section on its website that details how to become a member of CI

Constituted a Translation Policy Working Group, and prepared a draft translation policy which is currently being consulted on

Good governance:

Made available a clear mission statement and organisational structure and strategic *plan 2007 – 2011* (available English, French and Spanish)

Prepared a draft Membership and Governance Manual that deals primarily with policy making and decisions made at the Council and Executive level

Made available team report updates and progress reports to the Council pursuant to the workplan. This is in addition to specific reporting that accompanies projects

Made available a Conflict of Interest policy

Responsible advocacy:

Developed and made available a strategic work plan based on CI mission statement.

Conducted member consultations on a variety of strategic priority areas including sustainable access to energy and a code on marketing of food to children.

Human resources:

Hired and retained a qualified and experienced HR consultant who has developed a detailed HR work plan

Issued and consulted on new contracts for all London staff that includes new clauses on a number of statutory rights

Developed and consulted on three new proposed policies; flexible working, working from home and pre-employment checks

Undertook to develop a Terms of Reference for Staff Representatives

Consumers International

REPORT OF THE COUNCIL (INCORPORATING THE DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2007

Financial management:

Redesigned financial reports and forecasts to the Council and Executive Committee and posted the same on the intranet for all staff to access, to provide greater financial clarity

Redesigned the Council report within the annual audited financial statement to comply with recommended charity reporting standards

Made available the audited accounts on the CI web site

Implemented an integrated and single global accounting system in all offices making reporting and information sharing easier

Redesigned the internal coding structure for grant funded projects to match external reporting budget lines enhancing the traceability of submitted donor reports

Drew up and had approved by the Council a fraud policy that encourages (and protects) staff that blow the whistle on any financial or other organisational malpractice

Established strategic risks assessments and mitigation strategies including new tighter internal control procedures

DONORS

In addition to the annual membership fees paid by member organisations, CI received support from a wide range of donor institutions (see the financial statements for a complete listing).

CI is most grateful for the continued financial support of members and other donors.

FINANCIAL REVIEW

Consumers International began the implementation of its new five-year strategic plan in 2007. It was also the year in which the finances and the reserves of the organisation were rebuilt back to the healthy levels that prevailed before 2005, when the organisation began undergoing a successful strategic transition.

The membership fees received increased to £1,278,495 (2006: £1,238,377) and project income also increased to £748,954 (2006: £658,044) during this year. A surplus of £43,316 (2006: £56,673) was made for this year on core funds through close budget management, planning and control.

The total expenditure for the two divisions of "Member Services" and "Campaigns and communications" have been almost equal this year, as was the case last year. Most of the project funds were spent on Member Services, and core funds spent on Campaigns and Communications.

Consumers International seeks to build free reserves (general unrestricted reserves less tangible assets) of 20% of core income and at the end of 2007 this would have meant accumulating £ 266,376. The General unrestricted reserves at the end of 2007 were £ 210,681 and free reserves were £170,905 and therefore the current reserves levels are still short of strategic reserves target for the organisation. However the prevailing level of reserves provides adequate working capital for the operational purposes of the organisation. Surpluses made in core funds in years 2006 and 2007 which together total to £ 99,989 have helped the organisation to rebuild its general unrestricted reserves and establish a stable financial footing.

Consumers International

REPORT OF THE COUNCIL (INCORPORATING THE DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2007

Losses shown under project funds are due to timing differences in reporting income and the relevant expenditure as stipulated by the income recognition policy of UK charity accounting practices. At the end of 2007 there were unspent project fund reserves of £ 152,725 which will be spent in the following financial year.

PLANS FOR THE FUTURE

The CI strategic plan was developed in 2006 with input from all of CI's staff, governing bodies, members and key partners worldwide. It is the framework through which we will make choices about our priorities for action for the next few years. Staff teams will turn these words into practical action plans and clear indicators every year so that we can chart the progress and impact that is being achieved.

The strategic plan will be a disciplined and flexible tool that will provide a clear focus for CI's work while fostering an entrepreneurial and ambitious organisation. We will continue to consult our members on CI's direction during the next five years. And within the best possible understanding of the risks and uncertainties which surround any international organisation, we will seize opportunities that can help the international consumer movement have greater impact, grow and improve.

Above all, in everything we do, CI will strive to fulfil its mission through implementation of this plan, providing value and effectiveness to our member organisations, our partners and supporters, and consumers around the world.

STATEMENT OF COUNCIL'S RESPONSIBILITIES

Company law requires the Council, who are the directors, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the surplus or deficit of the company and the group for the period then ended.

In preparing those financial statements, the Council is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in operation.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the company's website is the responsibility of the Council. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislations in other jurisdictions.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Consumers International

REPORT OF THE COUNCIL (INCORPORATING THE DIRECTORS' REPORT) FOR
THE YEAR ENDED 31 DECEMBER 2007

AUDITORS

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditor will be put to the members at the annual general meeting.

By order of the board

Date

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSUMERS INTERNATIONAL

We have audited the financial statements on pages 16 to 26.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition, we report to you, if in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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 give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2007 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

BAKER TILLY UK AUDIT LLP

Registered Auditor

Chartered Accountants

1st Floor

46 Clarendon Road

Watford

Herts WD17 1JJ

Date:

Consumers International

INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 December 2007

	Notes	Core Funds £	Project Funds £	Total Funds 2007 £	Total Funds 2006 £
Income					
Membership fees	1	1,278,495	-	1,278,495	1,238,377
Project income		-	748,954	748,954	658,044
Other income	2	54,693	-	54,693	21,787
Gross income arising in the year		<u>1,333,188</u>	<u>748,954</u>	<u>2,082,142</u>	<u>1,918,208</u>
Expenditure					
Campaigns and communications		778,413	221,993	1,000,406	1,059,296
Member services		376,632	648,447	1,025,079	1,067,583
		<u>1,155,045</u>	<u>870,440</u>	<u>2,025,485</u>	<u>2,126,879</u>
Governance costs		24,251	-	24,251	32,647
Gross expenditure in the year	3,4	<u>1,179,296</u>	<u>870,440</u>	<u>2,049,736</u>	<u>2,159,526</u>
Surplus/(deficit) on operations, before transfers					
	6	153,892	(121,486)	32,406	(241,318)
Transfer between funds	12	(110,576)	110,576	-	-
Surplus/(deficit) on operations, being net income/(expenditure) for the year		<u>43,316</u>	<u>(10,910)</u>	<u>32,406</u>	<u>(241,318)</u>
Balances brought forward 1 January		185,879	161,265	347,144	583,154
Revaluation on exchange		6,486	2,370	8,856	5,308
Revalued balances brought forward 1 January		<u>192,365</u>	<u>163,635</u>	<u>356,000</u>	<u>588,462</u>
Balances carried forward 31 December		<u>235,681</u>	<u>152,725</u>	<u>388,406</u>	<u>347,144</u>

The income and expenditure account contains all the gains and losses recognised in the year and the results are all attributable to continuing activities.

The accounting policies and notes on pages 16 to 26 form part of these financial statements.

Consumers International

BALANCE SHEET
31 December 2007

	Notes	2007 £	2006 £
Fixed assets			
Tangible assets	8	39,776	73,454
Current assets			
Debtors	9	479,108	118,495
Cash at bank and in hand		477,706	584,002
		<u>956,814</u>	<u>702,497</u>
Creditors: amounts falling due within one year	10	(608,184)	(428,807)
Net current assets		<u>348,630</u>	<u>273,690</u>
Total assets less current liabilities, being net assets	13	<u>388,406</u>	<u>347,144</u>
Represented by:			
Core funds - Free reserves		170,905	112,425
- Fixed assets		39,776	73,454
		<u>210,681</u>	<u>185,879</u>
Designated funds	13	<u>25,000</u>	<u>-</u>
		<u>235,681</u>	<u>185,879</u>
Project funds		152,725	161,265
Total members' funds		<u>388,406</u>	<u>347,144</u>

Approved by the Council, authorised for issue and signed on its behalf by:

.....

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Date:

The accounting policies and notes on pages 16 to 26 form part of these financial statements.

Consumers International

ACCOUNTING POLICIES

For the year ended 31 December 2007

ACCOUNTING CONVENTION

The financial statements of the organisation have been prepared using the historical cost convention and in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards.

FUND ACCOUNTING

Donations and income received for specific projects are shown within project funds. Core funds comprise membership income and other income available for general use by the company.

INCOME

Members' fees and all other income are recognised on a receivable basis. Project income is recognised, as it is earned, to the extent that the organisation has provided the services or activities specified in the underlying funding agreement. Income received for project work in future projects is deferred.

EXPENDITURE

Expenditure is accounted for on an accruals basis. All costs are apportioned to either head office, one of the organisation's regional operations, or to the external project to which they relate. Overhead contribution from project income is deducted from office and administration expenditure incurred in the year. Governance costs reflect strategic and organizational costs and compliance with constitutional and statutory requirements.

DEPRECIATION

Tangible fixed assets are stated in the balance sheet at cost less depreciation, which is calculated to write off the individual assets over their estimated useful lives at the following annual rates:

Building improvements	20% on cost
Furniture, fittings and equipment	25% on cost
Computer hardware and software	33% on cost

FOREIGN CURRENCY

Transactions denominated in foreign currency are translated into sterling at the average exchange rate for each month.

Exchange differences arising from the translation of the regional office accounts are included in the income and expenditure account. Exchange differences arising from the translation into sterling of assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the balance sheet date. All exchange differences are taken to the respective funds.

Brought forward reserves of the regional office accounts are re-translated at the closing exchange rate ruling at the balance sheet date and this movement is reflected on the face of the income and expenditure account.

LEASING TRANSACTIONS

Operating lease rentals transactions are charged to the income and expenditure account as incurred.

BRANCHES

The financial statements aggregate the results of Consumers International (London Head Office) and the Regional Offices.

Regional Office for Asia and the Pacific (Malaysia)

Regional Office for Latin America and the Caribbean (Chile)

Where necessary the accounts of the Regional Offices have been restated in order to comply with United Kingdom Accounting Standards.

Consumers International

ACCOUNTING POLICIES

For the year ended 31 December 2007

PENSION SCHEME

Consumers International operates a defined contribution pension scheme whereby the company contributes 2%. Contributions are recognised when due.

CASHFLOW STATEMENT

The company has taken advantage of the exemptions available not to prepare a cashflow statement on the grounds of its size.

Consumers International

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

1. MEMBERSHIP FEES

	2007 £	2006 £
Full members	1,219,164	1,193,555
Affiliate members	35,272	29,971
Government affiliate members	24,059	14,851
	<u>1,278,495</u>	<u>1,238,377</u>

2. OTHER INCOME

	2007 £	2006 £
Bank interest	9,386	4,179
Other	45,307	17,608
	<u>54,693</u>	<u>21,787</u>

Included within £45,307 (2006: £17,608) are contributions of £36,247 (2006: £8,613) from members for the transition, development and strategic planning costs and £9,060 (2006: £8,995) of rental income from sub letting office space to partner organisations.

3. CORE EXPENDITURE

	Campaigns and communications £	Member services £	Total 2007 £	Total 2006 £
Direct salary costs	595,455	266,687	862,142	744,251
Office and administration	137,646	87,575	225,221	228,808
Travel and publications	25,646	15,590	41,236	33,267
Strategic planning and special projects	19,666	6,780	26,446	32,632
	<u>778,413</u>	<u>376,632</u>	<u>1,155,045</u>	<u>1,038,958</u>
Governance costs			24,251	32,647
			<u>1,179,296</u>	<u>1,071,605</u>

Consumers International

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

4. PROJECT EXPENDITURE

Project	Donor	2007 £	2006 £
Campaigns and communications			
Bologna Conference on Genetically Modified Organisms	Regione Emilia (Rome)	-	23,108
Transatlantic consumer Dialogue and Intellectual Property	Rockefeller Foundation/Open Society Institute Members, European Commission.	87,974	136,893
Consumer Rights and the Elimination of Poverty through Global Trade Media Network for Sustainable Consumption and CSR	Netherlands Ministry of Foreign Affairs, IDRC (Canada)	-	-
Media Capacity Building Accountability	European Commission	-	101,192
Karpatkin Advocacy Funds World Congress	Member Institute of Social and Ethical Accountability	11,618	-
	Member AUSAID, Commonwealth Foundation, Finnish Foreign Ministry, NORAD, Members, Anne Fransen Fund EED (Germany)	7,691	-
	Member AUSAID, Commonwealth Foundation, Finnish Foreign Ministry, NORAD, Members, Anne Fransen Fund EED (Germany)	4,867	-
Food and Nutrition Programme	Open Society Institute (OSI)	100,870	-
Global Intellectual Property strategy development	Open Society Institute (OSI)	-	11,564
		4,926	-
Empowering and Fostering Consumers in the debate on GMOs	EED (Germany) , HIVOS.	-	19,961
Joint Advocacy Programme	EED (Germany)	-	17,775
Other		4,047	253
		<u>221,993</u>	<u>310,746</u>
Member services			
A Consumer Welfare Analysis of the Retail Market in 14 EU member states	European Commission	396,346	255,485
Increasing justice through Consumer advice and mediation centre – Kazakhstan	European Commission	35,913	54,727
Increasing justice through Consumer Advice and Mediation centre – Azerbaijan	European Commission	61,128	97,954
Protecting the Russian Consumer's Right to information choice – The case for Genetic Engineering	European Commission	42,968	55,529
Croatia Capacity Building Project	European Commission	8,510	9,288
Bangladesh Quality Support Programme	UNIDO	-	12,164

Consumers International

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

Project	Donor	2007 £	2006 £
Members Services (continued)			
Institutional Funding for work in Latin America and Caribbean region	NOVIB (Netherlands)	10,433	47,410
Training on responsible consumers and CSR	The Basque Government	4,269	1,438
From European fork to Latin American farm	European Commission	6,085	6,191
Environmental Citizenship Programme	Global Environment Facility of UN Environmental Programme	19,131	29,220
Strengthening the Participation of Consumer Organisations in Latin America and Caribbean in the standardisation process	IDRC (International Development Research Centre – Canada)	-	27,732
Strengthening the Capacity for the emergency of a fair and transparent Market place in Africa	NORAD (Norway)	-	41,867
UN Guidelines on Consumer Protection in Asia	UN Environment Programme, European Commission	-	-
Consumer Protection in Cambodia	Anne Fransen Fund – Netherlands	1,868	6,712
Member Services Programme	Member contribution, various donors	30,772	55,945
Access to knowledge – Copyright as a Barrier to Accessing Books, journals and Teaching Materials	IDRC (International Development Research Centre – Canada)	10,592	58,578
Other projects	Various donors	20,432	16,935
		<u>648,447</u>	<u>777,175</u>
		<u>870,440</u>	<u>1,087,921</u>

Consumers International

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

5. EMPLOYEES (PROJECT AND CORE)

	Campaigns and communications £	Member services – capacity building projects £	Total 2007 £	Total 2006 £
Wages and salaries	490,298	341,964	832,262	857,837
Social security costs	51,836	30,975	82,811	78,065
Pension contributions	7,118	16,637	23,755	24,270
	<u>549,252</u>	<u>389,576</u>	<u>938,828</u>	<u>960,172</u>
The average number of full time staff during the year:	<u>14</u>	<u>20</u>	<u>34</u>	<u>37</u>

No member of the Executive or Council, or any honorary members of committees, received any remuneration from the company during the year ended 31 December 2007 (2006: nil).

The following number of employees received emoluments for the year in excess of £60,000:	2007	2006
£70,001 - £80,000	<u>1</u>	<u>1</u>

6. THE SURPLUS ON OPERATIONS IS STATED AFTER CHARGING:

	2007 £	2006 £
Auditor's remuneration – audit fees – Baker Tilly UK Audit LLP (2006 : Chantrey Vellacott DFK LLP)	13,536	18,728
Depreciation	38,260	44,126
Operating lease rentals – land and buildings	45,000	45,000
Exceptional items	-	50,185
	<u> </u>	<u> </u>

The exceptional item in 2006 includes restructuring personnel costs relating to the long-term strategic re-organisation of Consumers International which was completed in 2006.

7. TAXATION

The company is recognised by H M Revenue & Customs as a members' association in the UK and therefore its activities are treated as non-trading and not liable to corporation tax.

The overseas operations are international NGOs and are not subject to tax in their respective countries.

Consumers International

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

8. TANGIBLE ASSETS

	Building improvements	Office furniture, fittings and equipment	Computer hardware and software	Total
	£	£	£	£
Cost				
1 January 2007	40,834	95,368	309,651	445,853
Additions	-	2,500	8,512	
11,012				
Disposals	-	(2,997)	(24,480)	(27,477)
Exchange differences	482	3,043	(809)	2,716
31 December 2007	41,316	97,914	292,874	432,104
Depreciation				
1 January 2007	38,821	84,060	249,518	372,399
Charge in the year	918	2,290	35,052	38,260
Disposals	-	(10,607)	(9,718)	(20,325)
Exchange differences	471	2,349	(826)	1,994
31 December 2007	40,210	78,092	274,026	392,328
Net book value				
31 December 2007	1,106	19,822	18,848	39,776
31 December 2006	2,013	11,308	60,133	73,454

9. DEBTORS

	2007	2006
	£	£
Membership fees	106,670	11,568
Other debtors		45,533
38,995		
Prepayments and accrued income	326,905	
67,932		
	479,108	118,495

Consumers International

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

10. CREDITORS: Amounts falling due within one year

	2007 £	2006 £
Other creditors	205,786	75,223
Other taxation and social security	22,965	21,029
Accruals and deferred income	379,433	332,555
	<u>608,184</u>	<u>428,807</u>

11. MEMBERS' LIABILITIES

The company does not have a share capital and is limited by guarantee. In the event of the company being wound up, the maximum amount which each member is liable to contribute is £1. There were 83 members at 31 December 2007 (2006: 80).

12. TRANSFER BETWEEN FUNDS

	2007 £	2006 £
Project costs in Latin America and Caribbean	24,076	
57,886		
Congress funds	11,500	4,000
Co Funding to Tacis project	75,000	34,000
	<u>110,576</u>	<u>131,886</u>

The transfer relating to project costs in Latin America and Caribbean was a planned use of core funds to cover expenses of completed projects.

The Congress funds transfer relates to amount transferred from core funds to congress project funds.

Co-funding to the Tacis project is being provided to fulfil the donor requirement that 25% of project costs be covered by other donors or by CI.

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Core Funds* £	Project funds £	Total funds £
Tangible fixed assets	39,776	-	39,776
Net current assets	195,905	152,725	348,630
	<u>235,681</u>	<u>152,725</u>	<u>388,406</u>

* including designated funds of £25,000 set aside in the balance sheet as per the company's accommodation strategy.

Consumers International

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

14. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2007, the company had annualized operating commitments under non-cancellable leases for operating leases expiring as follows:

Land and buildings:	2007 £	2006 £
2 – 5 years	45,000	45,000

Consumers International

APPENDIX

DETAILS OF LIST OF DONORS CONTAINED UNDER NOTE 4: PROJECT EXPENDITURE

	Description	Status
EED	Evangelischer Entwicklungsdienst – Church Development Service	NGO – German organization of Protestant Churches
UNEP	United Nations Environmental Programme.	UN agency.
HIVOS	Humanistisch Instituut voor Ontwikkelingssamenwerking – Humanist Institute for Cooperation with Developing Countries	NGO - Dutch
IDRC	International Development Research Centre	Public corporation created by the Parliament of Canada
NORAD	Norwegian Agency for Development Cooperation	Directorate under the Norwegian Ministry of Foreign Affairs
OSI	Open Society Institute (OSI)	Private operating and grant making foundation
NOVIB	Nederlandse Organisatie voor Internationale Bijstand – Oxfam Novib	Dutch NGO
UNIDO	United Nations Industrial Development Organisation	UN Agency
Regione Emilia (Rome)	Municipality of the city of Rome.	Local Government.
AUSAID	International aid by Australian Government	Government agency.
Anne Fransen Fund	Founded by former Director of Consumentenbond, to establish and reinforce the position of consumers	Administered through Consumentenbond – the Dutch Consumers Organisation
Commonwealth Foundation	International aid by Commonwealth Foundation.	Intergovernmental organisation