

2020

consumer.
ANNUAL REPORT

Campaigns.



Built to Last

When you buy a new fridge, washing machine or mobile phone – how do you know it's going to go the distance? Our research found 78 percent of New Zealanders were willing to pay more for a kitchen or laundry appliance that lasts longer – but fewer than half (46 percent) found it clear which appliances will be durable. Built to Last challenges manufacturers to make more durable and repairable appliances, and provide spare parts at a reasonable cost. We're not just asking for change; we're also making change ourselves – by modifying the way we test and introducing durability to our product testing.

Sunscreens

Consumer NZ's sunscreen tests have found, year after year, products that don't meet their claims. In a country with one of the highest rates of skin cancer and melanoma, it's not good enough that sunscreens remain unregulated. New Zealanders deserve to shop with confidence and trust advertised SPF and broad-spectrum claims. We're calling for a mandatory sunscreen standard in New Zealand, as well as for manufacturers to regularly test sunscreens. It's not acceptable that manufacturers rely on test results that, in some cases, are more than five years old.



From the chair.

In a year of remarkable uncertainty, Consumer NZ didn't miss a beat. From investigating supermarket "deals" to helping travellers get refunds for flights grounded by Covid-19, the team fought tirelessly on behalf of consumers. It was also a year of change. The board appointed a new chief executive, Jon Duffy, and commenced reshaping and modernising the organisation. While we're changing to meet the evolving needs of consumers, the board and Consumer NZ staff remain committed to our core purpose of getting a fairer deal for all New Zealanders.

– Robert Aitken



From the CEO.



To say 2020 had its challenges would be an understatement. Covid-19 forced us to set aside any plans we had for a normal year and rapidly adapt to a new reality. I am proud to say Consumer NZ stepped up. Working remotely from their living rooms and perched on the ends of their beds, staff took the fight to companies putting themselves before consumers and achieved remarkable things on behalf of ordinary New Zealanders. Even with the disruption of Covid-19, 2020 has been a year of positive change and growth for Consumer NZ as we strive to deliver value to our members and create a fairer society for all New Zealanders.

A huge thanks for all your support.

– Jon Duffy

Organisational review and strategy.

Our mission is a fairer deal for all New Zealanders.

As 2020 demonstrated over and over again, there's no shortage of work for us.

It's more critical than ever that we have a clear strategic direction and are organised in a way that delivers our mission efficiently.

From May to August 2020, we undertook an organisational review to better understand how we're delivering against our mission and where improvements could be made. The review also looked into our changing operating environment and whether we're keeping pace.

The review acknowledged our greatest asset, a dedicated and highly capable Consumer NZ staff.

However, it also identified areas where we lacked capacity or strategic focus. As a result, the Consumer NZ Board approved a

strategy to increase our relevance to a wider audience and introduce a more diverse revenue model. These measures will ensure organisational stability and enable better longer term planning.

As we have begun delivering on this strategy, we have grown. Our executive team has transformed and now aligned better to the areas we need to focus on strategically. We have also added capacity across the board to give us the expertise we need to deliver for all New Zealanders.

Our new structure and strategy give us a great opportunity to refresh Consumer NZ in 2021 and remind more New Zealanders why independent consumer advocacy is as important as ever.



Supermarkets

Food prices are a major concern for Kiwis. Our research shows there are strong grounds to question whether the price we're paying is fair. That's why we've campaigned for an inquiry into the supermarket trade. Our work's paid off. In November, a Commerce Commission investigation was launched to shine a light on our supermarket sector – one of the most concentrated in the world.

POWERSWITCH by consumer.

Powerswitch was refreshed with a new look and a new contract. The agreement sees the Electricity Authority fund Consumer NZ's Powerswitch marketing, development and operational activity for three years. Additional funding is received from electricity and gas retailers and the Gas Industry Company.



More than
616,000

sessions from consumers checking they're getting the cheapest deal.

Top of mind.

FOR CONSUMERS IN 2020

The concerns that topped their list

Climate change

Packaging waste

Covid-19

Water quality at rivers and beaches

Unemployment

Antibiotic resistance

Healthcare costs

Quality of aged care

Level of savings and investments

Electronic waste



Top 10 most popular.

Research

- 1 Sunscreens
- 2 Fencing law
- 3 The best way to dry laundry
- 4 Covid-19 essential services
- 5 Consumer Guarantees Act
- 6 Trees and neighbours
- 7 Returns and refunds
- 8 Meal kits
- 9 Firewood
- 10 Fair Trading Act

Tests

- 1 Washing machines
- 2 Vacuum cleaners
- 3 Laundry detergents
- 4 Dishwashers
- 5 Clothes dryers
- 6 Heat pumps
- 7 Fridges
- 8 Electric heaters
- 9 Air fryers
- 10 Espresso machines

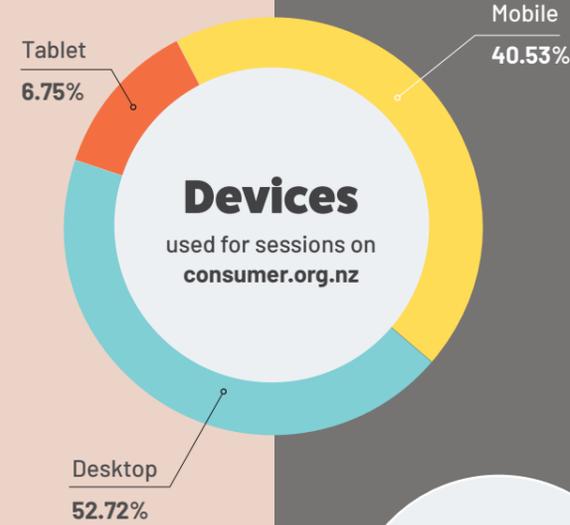
Our tests.

When nature calls ...

For the first time we tested **toilet paper**. We weren't looking for the softest – we wanted to find products with the least environmental impact. To score well, a paper also had to resist fingers poking through and disintegrate quickly when flushed.

We tested 26 rolls, found 10 we could recommend and three "don't buy" rolls to walk past in the supermarket aisle.

It was a popular test, published just after the toilet paper scramble of the first Covid-19 lockdown, receiving more than 30,000 unique views online during winter 2020.



Our stats.



Licence programme.

Our programmes let businesses tell Kiwis that we rate them. Revenue raised is then used to help fund our research, testing and advocacy. Licences are sold in most product categories, to Kiwi-owned companies and multinationals.



Our services.

Our contact centre and consumer rights advisers:



Received more than
16,100
emails



Posted more than
101,200
magazines



Answered more than
12,900
phone inquiries



Advocacy.

Fixing flight rights

Thousands of passengers on Air New Zealand flights that were cancelled due to Covid-19 were stuck with credits, leaving the airline sitting on millions of dollars of customers' money.

Air New Zealand got away with offering credits because our weak consumer protection laws don't require airlines to provide refunds when flights are cancelled for reasons outside their control. We've been pushing for that to change so Kiwis have the same refund rights as passengers in the EU and US.

When the lockdown struck, we were able to win refunds for some customers by relying on laws in other countries.

After a complaint we made to the Commerce Commission, the airline agreed to provide refunds to all passengers on cancelled US flights. The US requires airlines flying in or out of the country to refund passengers when flights are cancelled, regardless of reason.



Airbnb not playing fair

Heavy-handed cancellation policies on accommodation booking site Airbnb resulted in some customers being left hundreds of dollars out of pocket.

We lodged a complaint with the Commerce Commission, asking it to take court action against the company for using cancellation terms we think are unfair.

Airbnb lets hosts impose policies that can result in customers losing all their accommodation fee, despite giving reasonable notice they need to cancel. But if an Airbnb host wants to cancel a booking? They can do so at any time and the most they could be charged is \$145.

Our research.

Overpriced and overhyped

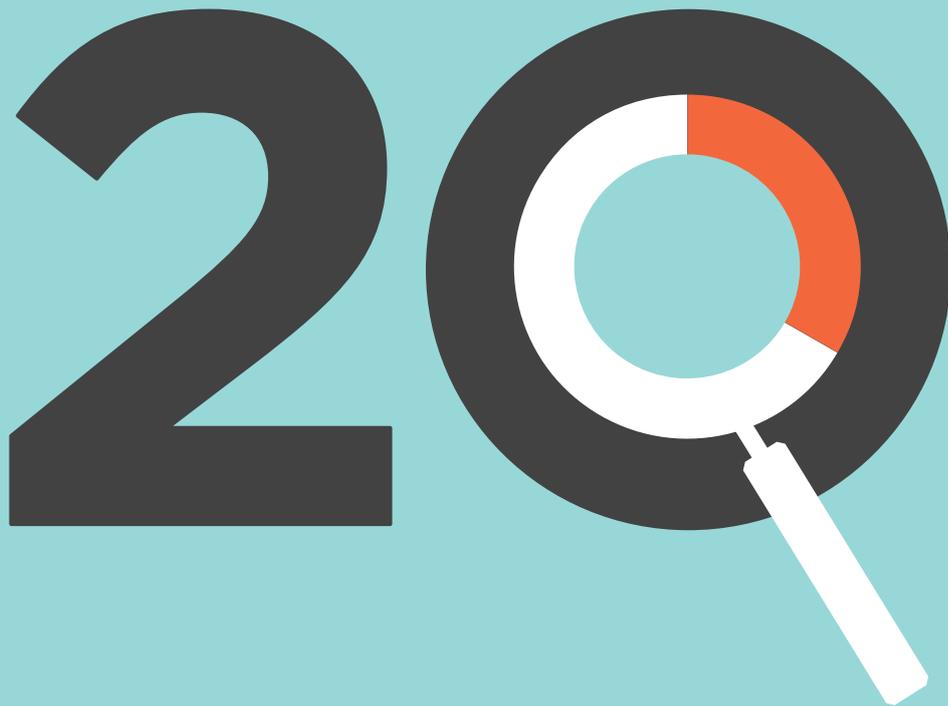
Funeral insurance is marketed as peace of mind your final farewell won't be a financial burden on your family. But our research has found you can end up paying much more in premiums than funeral cover is worth. And if you cancel, there's no refund.

In one case, an 85-year-old paid \$18,900 for funeral insurance worth just \$10,000. Insurer Fidelity Life refused to refund the overpaid premiums, defending the policy as "working as it's designed to".

Selling funeral policies that result in customers paying thousands of dollars more than the cover will ever be worth doesn't wash with us. We're pushing for changes to consumer laws to stop companies selling funeral insurance – and other insurance products – that provide poor value for money.



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consumer.

FINANCIAL REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONSUMER NZ INCORPORATED



BDO Wellington Audit Limited

Opinion

We have audited the consolidated financial statements of Consumer NZ Incorporated ("the Society") and its subsidiary (together, "the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Other than in our capacity as auditor we have no relationship with, or interests in, the Society or its subsidiary.

Boards' Responsibilities for the Consolidated Financial Statements

The Board is responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with PBE Standards RDR, and for such internal control as the Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Who we Report to

This report is made solely to the Society's members, as a body. Our audit work has been undertaken so that we might state those matters which 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 Society and the Society's members, as a body, for our audit work, for this report or for the opinions we have formed.

BDO Wellington Audit Limited

BDO WELLINGTON AUDIT LIMITED
Wellington
New Zealand
6 March 2020

Consolidated Statement of Comprehensive Revenue and Expense

FOR THE YEAR ENDED 31 DECEMBER 2020 | CONSUMER NZ INCORPORATED

Revenue	NOTES	2020	2019
Revenue from non-exchange transactions	6		
Grants		55,032	-
Donations		18,601	33,597
		73,633	33,597
Revenue from exchange transactions			
Membership subscriptions		3,894,258	3,963,516
Interest revenue		105,588	144,191
Other operating revenue		2,158,473	2,211,450
		6,158,319	66,319,157
Total revenue		6,231,952	6,352,754
Expenses	7		
Production and distribution		866,261	877,837
Marketing & promotions		647,864	710,905
Depreciation and amortisation	12,13	305,259	251,886
Information technology		354,380	348,589
Personnel		3,081,846	3,180,151
Administration		1,057,651	1,012,846
Grants and donations		-	500
Total expenses		6,313,261	6,382,714
Surplus/(deficit) for the year		(81,309)	(29,960)
Total other comprehensive revenue and expense		-	-
Total comprehensive revenue and expense for the year		(81,309)	(29,960)

Consolidated Statement of Changes in Net Assets

FOR THE YEAR ENDED 31 DECEMBER 2020 | CONSUMER NZ INCORPORATED

	2020	2019
Opening balance as at 1 January	2,793,297	2,823,257
Total comprehensive revenue and expense for the year	(81,553)	(30,312)
Freda Love Foundation Reserves	244	352
Balance at 31 December	2,711,988	2,793,297

These financial statements should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

FOR THE YEAR ENDED 31 DECEMBER 2020 | CONSUMER NZ INCORPORATED

Assets	NOTES	2020	2019
Current assets			
Cash and cash equivalents	9	381,925	510,198
Investments	10	3,895,878	3,890,657
Prepayments		218,329	59,836
Receivables from exchange transactions	11	520,858	345,438
		5,016,990	4,806,129
Non-current assets			
Investments	10	-	175,000
Intangible assets	12	599,595	489,080
Property plant and equipment	13	600,593	625,283
		1,200,188	1,289,363
TOTAL ASSETS		6,217,178	6,095,492
Liabilities			
Current liabilities			
Payables under exchange transactions	14	638,882	428,091
Employee entitlements	15	280,233	184,088
Deferred subscriptions revenue	19	1,660,486	1,680,337
Other provisions	20	20,556	20,556
Other deferred revenue		472,842	552,112
Total current liabilities		3,072,999	2,865,184
Non-current liabilities			
Deferred subscriptions revenue	19	301,707	291,970
Other provisions	20	130,484	145,040
		432,191	437,010
TOTAL LIABILITIES		3,505,190	3,302,194
NET ASSETS		2,711,988	2,793,297
Equity			
Accumulated comprehensive revenue and expense		2,700,965	2,782,518
Freda Love Foundation Reserves		11,022	10,779
Total net assets attributable to the owners of the controlling equity		2,711,988	2,793,297

Signed for and on behalf of the Board who approved these financial statements for issue on 5 March 2021.



Robert Aitken Chair



Kate Tokeley Deputy Chair

These financial statements should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2020 | CONSUMER NZ INCORPORATED

Cash flows from operating activities	NOTES	2020	2019
Receipts			
Receipts from membership fees		4,469,671	4,523,611
Receipts from exchange transactions		2,208,827	2,535,585
Receipts from other non-exchange transactions		57,139	32,810
Interest received		133,026	135,112
		6,868,663	7,227,118
Payments			
Payments to suppliers		3,705,613	3,901,002
Payments to employees		3,043,053	3,150,934
		6,748,666	7,051,936
Net cash flows from operating activities		119,997	175,182
Cash flows from investing activities			
		2020	2019
Receipts			
Sale of property, plant and equipment		8,614	–
Withdrawal of short term investments		4,548,645	4,010,300
		4,557,259	4,010,300
Payments			
Purchase of property, plant and equipment		110,397	23,619
Purchase of tangible assets		324,254	283,495
Investments in short term deposits		4,370,878	4,115,657
		4,805,529	4,422,771
Net cash flows from investing activities		(248,270)	(412,471)
Net increase/(decrease) in cash and cash equivalents			
		(128,273)	(237,289)
Cash and cash equivalents at 1 January		510,198	747,487
Cash and cash equivalents at 31 December	9	381,925	510,198

These financial statements should be read in conjunction with the notes to the financial statements.

Consolidated Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020 | CONSUMER NZ INCORPORATED

1. Reporting entity

The reporting entity Consumer NZ Incorporated (“Consumer NZ”) conducts consumer research and testing in New Zealand, and is a charitable organisation registered under the Incorporated Societies Act 1908 and Charities Act 2005 (registration number CC35296).

The consolidated financial statements comprising of Consumer NZ and its controlled entity, Consumer Foundation (incorporating the Emily Carpenter Consumer Charitable Trust), together the “Group”, are presented for the year ended 31 December 2020.

These consolidated financial statements and the accompanying notes summarise the financial results of activities carried out by the Group. All entities within the Group are charitable organisations registered under the Charitable Trusts Act 1957 and the Charities Act 2005.

These consolidated financial statements have been approved and were authorised for issue by the Board on 5 March 2021.

2. Statement of Compliance

The consolidated financial statements presented have been prepared in accordance with generally accepted accounting practice in New Zealand (“NZ GAAP”). They comply with Public Benefit Entity International Public Sector Accounting Standards (“PBE IPSAS”) and other financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with NZ GAAP, the Group is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability, and it is not defined as large.

The Board has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime (“RDR”) disclosure concessions.

3. Summary of accounting policies

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to both years presented in these financial statements.

3.1 Basis of measurement

These consolidated financial statements have been prepared on the basis of historical cost.

3.2 Functional and presentational currency

The consolidated financial statements are presented in New Zealand dollars (\$) which is the Group’s functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction.

Trade creditors or debtors denominated in foreign currency are reported at the consolidated statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or expenses in the period in which they arise.

3.3 Basis of consolidation

Controlled entities are entities over which the controlling entity has the power to govern the financial and operating policies so as to benefit from its activities. The controlled entities are consolidated from the date on which control is transferred and are de-consolidated from the date that control ceases. In preparing the consolidated financial statements, all inter entity balances and transactions, and unrealised gains and losses arising within the consolidated entity are eliminated in full. The accounting policies of the controlled entity are consistent with the policies adopted by the Group, controlled entity has a 31 December 2020 reporting date.

3.4 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

The Group derecognises a financial asset when the rights to receive cash flows from the asset have expired or are waived, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- The Group has transferred substantially all the risks and rewards of the asset; or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Assets

Financial assets within the scope of NFP PBE IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition.

The categorisation determines subsequent measurement and whether any resulting revenue and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The Group’s financial assets are classified as either financial assets at fair value through surplus or deficit or loans and receivables. Financial assets include: cash and cash equivalents, short-term investments, receivables from non-exchange transactions, receivables from exchange transactions, and derivative financial instruments.

Consolidated Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020 | CONSUMER NZ INCORPORATED

All financial assets except for those at fair value through surplus or deficit are subject to review for impairment at least at each reporting date.

Financial assets at fair value through surplus or deficit are carried in the statement of financial position at fair value with net changes in fair value presented as other expenses (negative net changes in fair value) or other revenue (positive net changes in fair value) in the statement of surplus or deficit.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. The Group's cash and cash equivalents, short-term investments, receivables from non-exchange transactions, and receivables from exchange transactions are financial instruments.

Financial liabilities

The Group's financial liabilities include trade and other creditors (excluding GST and PAYE), and deferred revenue.

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit). They are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit in the Consolidated Statement of Comprehensive Revenue and Expense.

3.5 Income tax

Due to its charitable status, the Group is exempt from income tax.

3.6 Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except for receivables and payables, which are GST included.

The net GST recoverable from, or payable to, Inland Revenue Department is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Inland Revenue Department is classified as part of operating cash flows.

3.7 Equity

Equity is the member's interest in the Group, measured as the difference between total assets and total liabilities. Equity is made up of the following components:

Accumulated comprehensive revenue and expense

Accumulated comprehensive revenue and expense is the accumulated surplus or deficit since its formation.

Freda Love Foundation Reserves

During 2017 the Freda Love Foundation donated \$10,000 to Consumer. The funds are administered by Consumer to meet the cost of filing fees and providing other assistance to consumers who bring cases against aged residential care providers in the Disputes Tribunal. The Freda Love Foundation received a donation of \$100 in 2018. Interest earned is added to the donation.

4. Significant accounting judgements, estimates and assumptions

Preparation of the Group's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Estimates and assumptions

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. However, circumstances and assumptions about future developments, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to determine potential future use and value from disposal:

- The condition of the asset
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

The estimated useful lives of the asset classed held by the Group are listed in Note 12 and 13.

Consolidated Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020 | CONSUMER NZ INCORPORATED

5. Group information subsidiaries

The consolidated financial statements of the Group include the following subsidiary:

Name of subsidiary	Principal activities	Country of incorporation	Percentage equity interest	
			2020	2019
Consumer Foundation (incorporating the Emily Carpenter Consumer Charitable Trust)	Supporting the education work of Consumer NZ to support a fair deal for all New Zealanders.	New Zealand	100%	100%

The reporting date of Consumer NZ and its subsidiary is 31 December.

There are no significant restrictions on the ability of the subsidiaries to transfer funds to Consumer NZ in the form of cash distributions or to repay loans or advances.

6. Revenue

Revenue from non-exchange transactions

Revenue is measured at the fair value of the consideration received. The following recognition criteria must be met before revenue is recognised.

Donations

Donations are recognised as revenue upon receipt and include donations from the public, donations received for specific programmes or services or donations in-kind. Donations in-kind include donations received for services, furniture and volunteer time and are recognised in revenue and expense when the services or goods are received. Donations in-kind are measured at their fair value as at the date of acquisition, ascertained by reference to the expected cost that would be otherwise incurred by the Group.

Revenue from non-exchange transactions received during each reporting period is made up of the following:

	2020	2019
Donations - General	16,810	22,206
Donations - Corporate*	1,791	6,791
Donations - Goods and Services	—	4,600
Grants**	55,032	—
	73,633	33,597

*Corporate donations received in 2020 of \$1,791 were from Transpower for a staff member's time spent on the Transpower Consumer Advisory Panel.

**Grants received in 2020 included \$42,532 from the Ministry for Environment, Waste Minimisation Fund for the Built to Last project, and \$12,500 from the New Zealand Law Society to support a review of retirement village contracts.

Donations in-kind

Consumer NZ is the recipient of a US\$10,000 monthly grant in-kind from Google to assist running advertising for its free consumer advice services.

Revenue from exchange transactions

Membership subscription

Membership subscription is received in exchange for access to membership goods and services. It is initially recorded as revenue in advance and recognised in revenue evenly over the membership period.

Other revenue streams

All other revenue streams are recognised in the accounting period in which the goods or services are rendered.

Interest revenue

Interest revenue is recognised as it accrues, using the effective interest method.

Consolidated Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020 | CONSUMER NZ INCORPORATED

7. Components of net surplus/(deficit)

Surplus/(deficit) includes the following specific expenses:

	2020	2019
Audit fees	16,770	11,730
Board fees and expenses	105,797	115,045
Depreciation and amortisation	305,259	251,886
Donations and grants	–	500
Foreign exchange loss/(gain)	10,528	26,113
Information technology	354,380	348,589
Loss on disposal of assets	(205)	–
Marketing & promotions	647,864	710,905
Office premises rental	192,477	191,158
Other administration expenses	732,284	668,800
Personnel	3,081,846	3,180,151
Production and distribution	866,261	877,837
	6,313,261	6,382,714

8. Auditor's remuneration

BDO Wellington provided audit services to the Group for \$16,770 in 2020 (2019: \$11,730). No non-audit services were provided by BDO Wellington during the year. (2019: \$nil).

9. Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents include:

	31 Dec 2020	31 Dec 2019
Cash at bank	41,770	34,496
On-call deposit accounts	340,155	475,702
Total cash and cash equivalents	381,925	510,198

10. Investments

Short term investments comprise deposits greater than three months, no more than 12 months and therefore do not fall into the category of cash and cash equivalents.

	31 Dec 2020	31 Dec 2019
Term deposits - Maturing within 12 months of balance date	3,895,878	3,890,657
Term deposits - Maturing greater than 12 months but less than 24 months of balance date	–	175,000
	3,895,878	4,065,657

Consolidated Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020 | CONSUMER NZ INCORPORATED

11. Receivables from exchange transactions

Receivables from exchange transactions include the following components:

	31 Dec 2020	31 Dec 2019
Trade debtors	479,982	269,136
Accrued interest	40,876	76,302
	520,858	345,438

12. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits or service potential in the asset are considered to modify the amortisation period or method, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in surplus or deficit as an expense which is consistent with the function of the intangible assets.

The Group does not hold any intangible assets that have an indefinite life.

At 31 December 2020 the Group held work in progress, un-capitalised intangible assets valued at \$69,500. This relates to the server hosting project for the main Consumer website.

The amortisation periods for the Groups assets are as follows:

Trademarks	10 years
Websites	4 years
Licences	3 years

31 December 2020	Software	Licences	Trademarks	Total
Cost/Valuation	2,791,833	550	17,272	2,809,655
Accumulated amortisation	2,196,754	550	12,756	2,210,060
Net book value	595,079	–	4,516	599,595

31 December 2019	Software	Licences	Trademarks	Total
Cost/Valuation	2,494,356	1,650	17,272	2,513,278
Accumulated amortisation	2,011,560	1,558	11,079	2,024,198
Net book value	482,795	92	6,193	489,080

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Reconciliation of the carrying amount at the beginning and end of the period:

2020	Software	Licences	Trademarks	Total
Opening balance	482,795	92	6,193	489,080
Additions	297,477	–	–	297,477
Disposals	–	(1,100)	–	(1,100)
Amortisation on disposals	–	1,100	–	1,100
Amortisation	(185,194)	(92)	(1,677)	(186,962)
Closing balance	595,079	0	4,516	599,595

2019	Software	Licences	Trademarks	Total
Opening balance	373,368	641	7,920	381,929
Additions	233,063	–	–	233,063
Disposals	–	(3,221)	–	(3,221)
Amortisation on disposals	–	3,221	–	3,221
Amortisation	(123,635)	(549)	(1,727)	(125,912)
Closing balance	482,795	92	6,193	489,080

13. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure directly attributable to the acquisition of the asset. Depreciation is charged on a straight line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost of the asset less any estimated residual value over its remaining useful life:

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

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential in the asset.

31 December 2020	Fixtures & fittings	Motor vehicles	Computer equipment	Office equipment	Total
Cost/Valuation	633,214	8,696	199,650	160,057	1,001,617
Accumulated depreciation	172,894	4,464	108,660	115,006	401,024
Net book value	460,320	4,232	90,990	45,051	600,593

31 December 2019	Fixtures & fittings	Motor vehicles	Computer equipment	Office equipment	Total
Cost/Valuation	625,628	56,217	144,473	157,257	983,574
Accumulated depreciation	104,200	41,533	94,218	118,340	358,291
Net book value	521,428	14,683	50,255	38,917	625,283

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Reconciliation of the carrying amount at the beginning and end of the period:

2020	Fixtures & fittings	Motor vehicles	Computer equipment	Office equipment	Total
Opening balance	521,428	14,683	50,255	38,917	625,283
Additions	7,587	–	79,606	13,700	100,893
Disposals	0	(47,520)	(24,430)	(10,900)	(82,850)
Depreciation on disposals	–	40,393	24,430	10,742	75,565
Depreciation	(68,694)	(3,323)	(38,871)	(7,408)	(118,297)
Closing balance	460,320	4,232	90,990	45,051	600,593

2019	Fixtures & fittings	Motor vehicles	Computer equipment	Office equipment	Total
Opening balance	589,956	25,926	69,977	44,861	730,720
Additions	–	–	19,531	1,006	20,538
Disposals	(1,824)	–	(10,081)	–	(11,905)
Depreciation on disposals	1,824	–	10,081	–	11,905
Depreciation	(68,528)	(11,243)	(39,253)	(6,951)	(125,975)
Closing balance	521,428	14,683	50,255	38,917	625,283

14. Payables under exchange transactions

	31 Dec 2020	31 Dec 2019
Trade creditors	462,846	215,753
Accruals	60,353	106,609
GST payable	115,683	105,729
	638,882	428,091

15. Employee entitlements

Wages, salaries and annual leave

Liabilities for wages and salaries, and annual leave are recognised in surplus or deficit during the period in which the employee provided the services. Liabilities for the associated benefits are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

Employees of the Group become eligible for long-service leave after a certain number of years, depending on their contract. The liability for long-service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

	31 Dec 2020	31 Dec 2019
Annual leave	130,977	133,310
Payroll accrual	142,424	47,610
Service leave	6,832	3,168
	280,233	184,088

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16. Related party transactions

G Bonnar provided office space and relevant utilities during 2019 (January to June), at her house in Auckland for use by locally based Consumer NZ, General Manager. The use of these facilities have then been donated. An additional charge was made for broadband and power expenses. There were no transactions relating to 2020.

Related party	Description of the transaction	2020	2019	2020	2019
		Value of transactions	Value of transactions	Amount outstanding	Amount outstanding
G Bonnar	Expenses relating to office space and facilities, Auckland	–	4,600	–	–
G Bonnar	Expenses relating to broadband and power usage	–	600	–	–
G Bonnar	Donation relating to office space and facilities, Auckland	–	4,600	–	–

Key Management Personnel

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the members of the governing body which is comprised of the Board, Chief Executive Officer, Financial Controller, Head of Business Development, Head of Marketing, General Manager Digital, General Manager Business, Head of Research, and Head of Testing, which constitutes the governing body of the Group. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

	2020	2019
Total remuneration and directors fees	1,203,120	1,250,693
Number of full time equivalent persons	8	8

17. Leases

Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

Operating lease commitments

During 2018 the Group moved premises to 17 Whitmore Street. The lease runs from 1 September 2018 to 31 August 2027. During 2020 the Group entered into a new three-year operating lease for a portable video conferencing unit.

As at the reporting date, the Group has entered into the following non-cancellable operating leases in relation to office equipment and office rental:

	2020	2019
Not later than one year	180,429	180,026
Later than one year and no later than five years	699,773	695,465
Later than five years	288,583	461,734
	1,168,785	1,337,225

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18. Categories of financial assets and liabilities

The carrying amounts of financial instruments presented in the statement of financial performance relate to the following categories of assets:

Financial assets	31 Dec 2020	31 Dec 2019
Loans and receivables		
Cash and cash equivalents	381,925	510,198
Prepayments	218,330	59,836
Receivables from exchange transactions	520,858	345,438
Investments	3,895,878	4,065,657
	5,016,991	4,981,128

Financial liabilities

At amortised cost

Trade and other creditors	523,199	322,362
Deferred revenue (conditions attached)	2,435,035	2,524,419
	2,958,234	2,846,781

19. Deferred subscriptions revenue

	31 Dec 2020	31 Dec 2019
Current	1,660,486	1,680,337
Non-current		
1 year	258,319	247,238
1-2 plus years	43,388	44,731
	301,707	291,970

20. Other provisions

	31 Dec 2020	31 Dec 2019
Current		
Landlord fit out contribution	20,556	20,556
Non-current		
Landlord fit out contribution	116,484	137,040
Office premises make good provision	14,000	8,000
Total cash and cash equivalents	130,484	145,040

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21. Capital commitments

There is one capital commitment at the reporting date, the balance of the server hosting project for the Consumer website (work in progress, 31 December 2020 \$69,500), estimated completion expected by 28 February 2021, of \$25,000. (2019: \$60,000)

22. Contingent assets and liabilities

There are no contingent assets or liabilities at the reporting date. (2019: \$Nil)

23. Events after the reporting date

The Board and management are not aware of any other matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements, that have significantly or may significantly affect the operation of the Group. (2019: \$Nil)

24. Covid-19 impact

The overall financial performance impact to the Group due to Covid-19, was low in 2020 and the Group maintained a stable financial position. This is despite the worldwide economic impact and New Zealand entering a recession.

The key area that experienced revenue shortfall was within business programmes licencing. This was due to several factors including, laboratory tests in Australia and Europe being delayed or cancelled in the year due to Covid-19 lockdowns and restrictions, limiting new recommended products available; and businesses restricting discretionary expenditure because of the economic impact.



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