

# 2018

consumer.  
ANNUAL REPORT

## Our campaigns.



### Fair play

Junk products, unfair terms and sky-high commissions. Yes, we're talking about the insurance market. We've been campaigning for an overhaul of our archaic insurance laws and in 2018 we got traction. The government announced a long-overdue review of the law to improve consumer protection.

### Mechanical breakdown insurance

It's heavily promoted by car dealers but our investigation of mechanical breakdown insurance found it's not worth the cost. If your car isn't of acceptable quality, the Consumer Guarantees Act requires the dealer to sort it out. You don't have to rely on a pricey breakdown policy.

## Closing the door

We've provided 550,000 Do Not Knock stickers to Kiwi consumers so they can shut the door on dodgy door-to-door sellers. This year, the government announced traders that ignore our stickers will face prosecution under the Fair Trading Act.



## COOL change

After a decade of campaigning, we finally saw law changes that require country-of-origin labelling on fruit and veg. Retailers will be in the gun for fines of up to \$30,000 if they fail to comply with the rules.

## From the chairman.

Where there is unfairness, we will stick up for you. When it's not safe, we will be looking out for you. When you are unsure, we provide advice you can trust.

**In this complex world, we're the friend on whom you can rely.**

- Richard Aston



## From the CEO.



I'm privileged to work with a hugely talented team at Consumer, all dedicated to getting a fairer deal for New Zealanders.

**We couldn't do it without the support of our tens of thousands of members. Ngā mihi nui.**

- Sue Chetwin

## What they're saying about us.

"Keep doing what you are doing. For me the biggest thing is trust and integrity. Please maintain the quality of your work as I hope that I never read something and find it isn't accurate as that would be one of the biggest disappointments of my life!! For me you are probably the most trusted organisation/publication that I access."

"Consumer is a well-established part of modern society. A lot of the value Consumer delivers derives from the fact that it exists and has succeeded in the past. It encourages belief in and respect for the power of the consumer. I don't have to wish for or request specific campaigns to believe that the fact that you do campaign is a good thing. Keep it up."

"An exceptionally intelligent organisation of high integrity. Keep it up."

"I am just very happy that I took out a subscription. It does exactly what I hoped for with all the information I need and want. 5 stars to all of you who do all the hard work. Thank you."

"The best money I have EVER spent was getting in touch with you. Thank you."

consumer.org.nz



## Fixing the rental market

The experience of tenants in today's rental market varies hugely. A lucky 4 out of 10 renters in our survey said they were living in quality digs that were warm and cosy. But on the other side of the street, it was a different story.

Tenants who rented through a property manager were much more likely to report problems, including repairs not being done. Our research provides further evidence it's time to regulate the property management industry and provide better protection for renters.

## consumer. powerswitch

The country's most popular power-switching site. It's provided free with assistance from the Electricity Authority and retailers. The site helps consumers find the cheapest retailer in their area and assists them to make a switch.



More than  
**728,000**  
visits to  
Powerswitch  
in 2018



**19%**  
growth  
year-on-year



Consumer Broadband Compare  
visits exceeded  
**36,000**

## Top of mind.

FOR CONSUMERS IN 2018

The concerns that topped their list

- 1 Water quality at beaches and rivers
- 2 Packaging waste
- 3 Climate change
- 4 Quality of aged care
- 4= Retirement costs
- 6 Antibiotic resistance
- 6= Healthcare costs
- 8 Quality of drinking water
- 9 Level of savings and investments
- 10 Home ownership costs

## Top 10 most popular.

### Research

- 1 Sunscreens
- 2 Pain Erazor claims
- 3 Dentist fees
- 4 Energy providers
- 5 Tenancy agreements
- 6 Car reliability
- 7 Grid-tied PV systems
- 8 Telco providers
- 9 Bed-in-a-box mattresses
- 10 Double glazing

### Tests

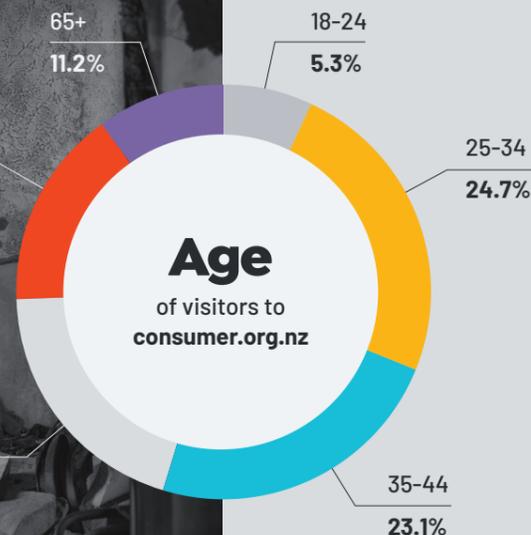
- 1 Washing machines
- 2 Heat pumps
- 3 Vacuum cleaners
- 4 Smoke alarms
- 5 Electric heaters
- 6 Electric bikes
- 7 Dishwashers
- 8 Dryers
- 9 Fridges
- 10 Televisions

## Our tests.

### Dud smoke alarms

Our testing showed **ionisation-type smoke alarms** were dangerous – they didn't give enough warning of the most dangerous smouldering fires. We asked retailers to take them off the shelves. They obliged.

WITH FUNDING ASSISTANCE FROM MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT TENANCY SERVICES



## Some stats.



**248,600**  
Total magazine sales



In 2018 there were  
**3,748,027**  
sessions on  
consumer.org.nz



**2837**  
Twitter followers



**22,774**  
Facebook followers



... that's an average of  
**312,335**  
sessions per month!

## Bad Taste Food Awards.

It's not hard to find candidates for these awards – over-hyped claims for food line most supermarket aisles.



Nestle Nesquik cereal might not even have been the worst, but it was bad. The pack touts the cereal's zinc, calcium, niacin and iron content "to help kids' normal growth and development". It's made with "whole grain wheat and corn", is "a source of fibre" and contains "no artificial colours or flavours". However, it's in fact 30% sugar – though that's not on the front of the box. That's more than 3 teaspoons of sugar per 50g serving. The vitamins and minerals? They've been added during manufacturing.

## Our advisers.

Our consumer rights advisers dealt with

**5814 inquiries**

Queries ranged from complaints about faulty TVs, phones, cars and jewellery to wrongly priced laptops and a hair waxing that went wrong!



## Cars that go the distance

Our members told us about more than

**10,000 cars**

in our reliability and satisfaction survey.

WE PUBLISHED  
DATA FOR

**85**

models from 27 brands, with a comprehensive guide to help consumers avoid being stuck with a lemon.



## Business programmes.

Our best year yet – in terms of numbers of brands and products licensed, and from a revenue perspective. All our programmes use detailed and robust methodologies recognising standards achieved by businesses, services and products in our market. The aim is to lift the bar for all businesses, which in turn achieves a fairer deal for all consumers.



## Magazine relaunch.

In June we went bigger, bolder and bimonthly – and you liked it. The magazines are themed, so more reason to keep them for later reference!



## Our research.

### Read before burning

Our sunscreen testing found **14 products** that didn't give the SPF protection claimed – 4 products only gave low protection. As a result of our testing, a sunscreen was removed from sale.

SUNSCREEN TESTING WAS DONE WITH FUNDING ASSISTANCE FROM THE MINISTRY OF HEALTH.



20  
18

The year '2018' is displayed in a bold, black, sans-serif font. The digit '0' is replaced by a magnifying glass icon. The magnifying glass has a white handle and a white frame, with a yellow-to-orange gradient arc at the top, suggesting a search or focus on the year.

**consumer.**

FINANCIAL REPORT

# Auditors report



BDO Wellington Audit Limited

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

### 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 2018, 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 2018, 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 (Revised) *Code of Ethics for Assurance Practitioners* 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 have 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



BDO Wellington Audit Limited

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  
11 March 2019

## Consolidated Statement of Comprehensive Revenue and Expense

FOR THE YEAR ENDED 31 DECEMBER 2018 | CONSUMER NZ INCORPORATED

Revenue	NOTES	2018	2017
<b>Revenue from non-exchange transactions</b>	<b>6</b>		
Donations		35,951	82,036
		<b>35,951</b>	<b>82,036</b>
<b>Revenue from exchange transactions</b>			
Membership transactions		4,166,551	4,422,507
Interest revenue		149,416	128,565
Other operating revenue		2,389,020	1,764,054
		<b>6,704,987</b>	<b>6,315,125</b>
<b>Total revenue</b>		<b>6,740,938</b>	<b>6,397,161</b>
<b>Expenses</b>	<b>7</b>		
Production and distribution		914,203	922,312
Marketing & promotions		517,909	485,411
Depreciation and amortisation	<b>12,13</b>	288,675	410,734
Information technology		319,098	359,632
Personnel		2,965,088	2,658,745
Administration		906,857	947,870
<b>Total expenses</b>		<b>5,911,830</b>	<b>5,784,705</b>
<b>Surplus/(deficit) for the year</b>		<b>829,108</b>	<b>612,456</b>
<b>Total other comprehensive revenue and expense</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive revenue and expense for the year</b>		<b>829,108</b>	<b>612,456</b>

## Consolidated Statement of Changes in Net Assets

FOR THE YEAR ENDED 31 DECEMBER 2018 | CONSUMER NZ INCORPORATED

	2018	2017
<b>Opening balance as at 1 January</b>	1,994,149	1,371,690
Total comprehensive revenue and expense for the year	828,684	612,456
Freda Love Foundation Reserves	424	10,003
<b>Balance at 31 December</b>	<b>2,823,257</b>	<b>1,994,149</b>

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 2018 | CONSUMER NZ INCORPORATED

Assets	NOTES	2018	2017
<b>Current assets</b>			
Cash and cash equivalents	<b>9</b>	747,487	386,302
Investments	<b>10</b>	3,510,300	4,140,000
Prepayments		363,157	68,835
Receivables from exchange transactions	<b>11</b>	326,456	226,633
		<b>4,947,400</b>	<b>4,821,770</b>
<b>Non-current assets</b>			
Investments	<b>10</b>	450,000	-
Intangible assets	<b>12</b>	381,929	205,526
Property plant and equipment	<b>13</b>	730,720	116,671
		<b>1,562,649</b>	<b>322,197</b>
<b>TOTAL ASSETS</b>		<b>6,510,049</b>	<b>5,143,967</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables under exchange transactions	<b>14</b>	806,789	449,517
Employee entitlements	<b>15</b>	156,737	122,795
Deferred subscriptions revenue	<b>19</b>	1,733,199	1,764,865
Other deferred revenue		511,885	470,526
<b>Total current liabilities</b>		<b>3,208,610</b>	<b>2,807,703</b>
<b>Non-current liabilities</b>			
Deferred subscriptions revenue	<b>19</b>	298,030	342,115
Other provisions	<b>20</b>	180,152	-
		<b>478,182</b>	<b>342,115</b>
<b>TOTAL LIABILITIES</b>		<b>3,686,792</b>	<b>3,149,818</b>
<b>NET ASSETS</b>		<b>2,823,257</b>	<b>1,994,149</b>
<b>Equity</b>			
Accumulated comprehensive revenue and expense		2,812,831	1,984,146
Freda Love Foundation Reserves		10,426	10,003
<b>Total net assets attributable to the owners of the controlling equity</b>		<b>2,823,257</b>	<b>1,994,149</b>

Signed for and on behalf of the Board who approved these financial statements for issue on 11 March 2019.



Richard Aston Chair



Julie Saunders Financial controller

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 2018 | CONSUMER NZ INCORPORATED

	NOTES	2018	2017
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from membership fees		4,699,806	5,018,038
Receipts from exchange transactions		2,745,535	2,204,326
Receipts from other non-exchange transactions		35,951	92,036
Interest received		137,062	103,330
		<b>7,618,354</b>	<b>7,417,730</b>
<b>Payments</b>			
Payments to suppliers		3,483,386	3,660,676
Payments to employees		2,961,342	2,752,752
		<b>6,444,728</b>	<b>6,413,428</b>
<b>Net cash flows from operating activities</b>		<b>1,173,626</b>	<b>1,004,302</b>
<b>Cash flows from investing activities</b>			
<b>Receipts</b>			
Sale of property, plant and equipment		8,130	-
Withdrawal of short term investments		4,925,000	4,555,000
		<b>4,933,130</b>	<b>4,555,000</b>
<b>Payments</b>			
Purchase of property, plant and equipment		602,443	83,867
Purchase of intangible assets		397,828	42,822
Investments in short term deposits		4,745,300	5,430,000
		<b>5,745,571</b>	<b>5,556,689</b>
<b>Net cash flows from investing activities</b>		<b>(812,441)</b>	<b>(1,001,689)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
		361,185	2,613
Cash and cash equivalents at 1 January		386,302	383,689
<b>Cash and cash equivalents at 31 December</b>	<b>9</b>	<b>747,487</b>	<b>386,302</b>

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 2018 | 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 2018.

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 11 March 2019.

### 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 2018 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 2018 | 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 2018 | 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	
			2018	2017
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:

	2018	2017
Donations - General	3,653	536
Donations - Corporate**	21,798	71,100
Donations - Goods and Services	10,400	10,400
	<b>35,851</b>	<b>82,036</b>

\*\* Corporate donations received in 2018 included \$21,350 from Chorus Limited providers of telecommunications infrastructure. These funds contributed to router testing and results were made free to the public. Transpower \$448 donation for a staff member's time spent on the Transpower Consumer Advisory Panel.

### 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 2018 | CONSUMER NZ INCORPORATED

### 7. Components of net surplus/(deficit)

Surplus/(deficit) includes the following specific expenses:

	2018	2017
Audit fees	10,211	12,896
Board fees and expenses	83,095	74,130
Depreciation and amortisation	288,675	410,734
Foreign exchange loss/(gain)	(13,642)	154
Information technology	319,098	359,632
Loss on disposal of assets	958	0
Marketing & promotions	517,909	485,411
Office premises rental	239,381	210,479
Other administration expenses	586,045	650,210
Personnel	2,965,898	2,658,745
Production and distribution	914,203	922,312
	<b>5,911,830</b>	<b>5,784,705</b>

### 8. Auditor's remuneration

BDO Wellington provided audit services to the Group for \$10,211 in 2018 (2017: \$10,000). No non-audit services were provided by BDO Wellington during the year. (2017: \$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 2018	31 Dec 2017
Cash at bank	48,374	76,451
On-call deposit accounts	699,113	309,850
Total cash and cash equivalents	<b>747,487</b>	<b>386,302</b>

### 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 2018	31 Dec 2017
Term deposits - Maturing within 12 months of balance date	3,510,300	4,140,000
Term deposits - Maturing greater than 12 months but less than 24 months of balance date	450,000	-
	<b>3,960,300</b>	<b>4,140,000</b>

## Consolidated Notes to the Financial Statements

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### 11. Receivables from exchange transactions

Receivables from exchange transactions include the following components:

	31 Dec 2018	31 Dec 2017
Trade debtors	259,233	171,763
Accrued interest	67,223	54,870
	<b>326,456</b>	<b>226,633</b>

### 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 2018 the Group held work in progress, un-capitalised intangible assets valued at \$107,330.

This relates to the redesign of product and article pages on the main Consumer owned website.

The amortisation periods for the Groups assets are as follows:

Trademarks	10 years
Websites	4 years

31 December 2018	Software	Licences	Trademarks	Total
Cost/Valuation	2,261,293	4,871	17,272	2,283,436
Accumulated ammortisation	1,887,925	4,230	9,352	1,901,507
<b>Net book value</b>	<b>373,368</b>	<b>641</b>	<b>7,920</b>	<b>381,929</b>

31 December 2017	Software	Licences	Trademarks	Total
Cost/Valuation	1,888,486	4,871	17,272	1,910,629
Accumulated ammortisation	1,693,797	3,682	7,624	1,705,103
<b>Net book value</b>	<b>194,689</b>	<b>1,190</b>	<b>9,648</b>	<b>205,526</b>

## Consolidated Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2018 | CONSUMER NZ INCORPORATED

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

2018	Software	Licences	Trademarks	Total
Opening balance	194,689	1,190	9,648	205,527
Additions	372,807	-	-	372,807
Disposals	-	-	-	-
Amortisation on disposals	-	-	-	-
Amortisation	(194,128)	(549)	(1,728)	(196,405)
<b>Closing balance</b>	<b>373,368</b>	<b>641</b>	<b>7,920</b>	<b>381,929</b>

2017	Software	Licences	Trademarks	Total
Opening balance	466,276	894	11,217	478,387
Additions	42,789	1,650	150	44,589
Disposals	-	(4,160)	-	(4,160)
Amortisation on disposals	-	4,160	-	4,160
Amortisation	(314,375)	(1,355)	(1,719)	(317,450)
<b>Closing balance</b>	<b>194,689</b>	<b>1,190</b>	<b>9,648</b>	<b>205,527</b>

### 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 - 5 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 2018	Fixtures & fittings	Motor vehicles	Computer equipment	Office equipment	Total
Cost/Valuation	627,452	56,216	135,022	156,251	974,941
Accumulated depreciation	37,496	30,290	65,045	111,390	244,221
<b>Net book value</b>	<b>589,956</b>	<b>25,926</b>	<b>69,977</b>	<b>44,861</b>	<b>730,720</b>

31 December 2017	Fixtures & fittings	Motor vehicles	Computer equipment	Office equipment	Total
Cost/valuation	395,841	55,477	177,902	268,873	898,093
Accumulated depreciation	394,943	23,381	120,657	242,442	781,422
<b>Net book value</b>	<b>898</b>	<b>32,096</b>	<b>57,245</b>	<b>26,431</b>	<b>116,671</b>

## Consolidated Notes to the Financial Statements

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

2018	Fixtures & fittings	Motor vehicles	Computer equipment	Office equipment	Total
Opening balance	898	32,096	57,246	26,431	116,671
Additions	616,747	8,696	50,827	35,277	711,547
Disposals	(385,136)	(7,957)	(93,708)	(136,274)	(623,074)
Depreciation on disposals	385,136	4,906	92,324	135,482	617,847
Depreciation	(27,689)	(11,816)	(36,712)	(16,054)	(92,271)
<b>Closing balance</b>	<b>589,956</b>	<b>25,926</b>	<b>69,977</b>	<b>44,861</b>	<b>730,720</b>

2017	Fixtures & fittings	Motor vehicles	Computer equipment	Office equipment	Total
Opening balance	37,573	43,192	26,899	29,364	137,028
Additions	-	-	59,739	13,189	72,928
Disposals	-	-	(19,402)	(929)	(20,331)
Depreciation on disposals	-	-	19,402	929	20,331
Depreciation	(36,675)	(11,096)	(29,392)	(16,122)	(93,285)
<b>Closing balance</b>	<b>898</b>	<b>32,096</b>	<b>57,246</b>	<b>26,431</b>	<b>116,671</b>

### 14. Payables under exchange transactions

	31 Dec 2018	31 Dec 2017
Trade creditors	640,431	202,592
Accruals	69,731	88,975
GST payable	96,627	95,220
Other provisions and payables	-	62,730
	<b>806,789</b>	<b>449,517</b>

### 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 2018	31 Dec 2017
Annual leave	121,387	101,322
Payroll accrual	30,545	17,701
Service leave	4,805	3,772
	<b>156,737</b>	<b>122,795</b>

## Consolidated Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2018 | CONSUMER NZ INCORPORATED

### 16. Related party transactions

G Bonnar provides office space and relevant utilities 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 is made for broadband and power expenses.

Related party	Description of the transaction	2018	2017	2018	2017
		Value of transactions	Value of transactions	Amount outstanding	Amount outstanding
G Bonnar	Expenses relating to office space and facilities, Auckland	10,400	10,400	-	-
G Bonnar	Expenses relating to broadband and power usage	1,200	-	-	-
G Bonnar	Donation relating to office space and facilities, Auckland	10,400	10,400	-	-

### 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, and Financial Controller among others, 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:

	2018	2017
Total remuneration and director's fees	1,294,289	1,138,543
Number of full time equivalent persons	9	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.

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

	2018	2017
Not later than one year	179,726	197,827
Later than one year and no later than five years	695,340	701,916
Later than five years	634,883	808,033
	<b>1,509,949</b>	<b>1,707,776</b>

## Consolidated Notes to the Financial Statements

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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 2018	31 Dec 2017
<b>Loans and receivables</b>		
Cash and cash equivalents	747,487	386,302
Prepayments	363,157	68,835
Receivables from exchange transactions	326,456	226,633
Investments	3,960,300	4,140,000
	<b>5,397,400</b>	<b>4,821,770</b>

### Financial liabilities

#### At amortised cost

Trade and other creditors	710,162	291,568
Deferred revenue (conditions attached)	2,543,114	2,577,506
	<b>3,253,276</b>	<b>2,869,074</b>

### 19. Deferred subscriptions revenue

	31 Dec 2018	31 Dec 2017
<b>Current</b>	1,733,199	1,764,865
<b>Non-current</b>		
1 year	255,047	280,106
1-2 plus years	42,983	62,009
	<b>298,030</b>	<b>342,115</b>

### 20. Other provisions

	31 Dec 2018	31 Dec 2017
Landlord fit out contribution	178,152	-
Office premises make good provision	2,000	-
<b>Total cash and cash equivalents</b>	<b>180,152</b>	<b>-</b>

## Consolidated Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2018 | CONSUMER NZ INCORPORATED

### 21. Capital commitments

There is one capital commitment at the reporting date, the balance of the redesign of product and article pages on the main Consumer website (work in progress at 31 December 2018), estimated completion expected by 28 February 2019, for \$30,000. (2017: \$1,377)

As at the reporting date a forward exchange rate is held with ASB Bank for AUD342,000 (NZD equivalent 374,712.39) with a value date of 29 January 2019, for settlement of the majority of the annual Choice testing contract (AUD352,296) due 30 January 2019.

### 22. Contingent assets and liabilities

There are no contingent assets or liabilities at the reporting date. (2017: \$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. (2017: \$Nil)

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### Disclosure

Staff attended some product launches paid for by the manufacturer, including Oppo, Samsung and LG.

Flights and accommodation were paid for staff who spoke at a meeting of Certified Builders and at a Waste Minimisation conference.

Consumer is the recipient of a \$US10,000 monthly grant from Google to assist running advertising for its free consumer advice services.

CEO speaker engagements outside Wellington were generally paid for by the requesting organiser.



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