

INDEPENDENT

FAIR PRODUCT TRUSTWORTHY VALUE

MAGAZINE right UNBIASED advice

HONEST Know BRAND Review

best BUY ADVICE

RELIABLE TEST

TRUST help

PRODUCT INFORM give

consumer.

Annual Report 2017

Our campaigns.



Cool

Finally, we look like joining large parts of the rest of the world by requiring Country of Origin Labelling on food. Our survey showed 71% of you wanted it to be made mandatory.

Unfair contracts

It's all in the fine print but companies are no longer allowed to hide terms that would unfairly benefit them in the small print of their contracts. That's going to help you if there is a nasty condition in your gym contract, your electricity contract or your deal with a mobile phone provider.

And there's more: We want insurance companies to lose their exemption from having contracts with unfair terms (yes they are still allowed to include them). Hopefully not for much longer.

Sneaky fees

The print-out fee, booking service fee – those sneaky fees retailers charge on top of advertised prices – are called drip prices. We think they're wrong and so do you. We collected 10,000 signatures from people who want them gone. We'll keep trying.

Ticket resellers

We joined other consumer groups worldwide to out companies like Viagogo for ripping off consumers with overpriced and sometimes fraudulent tickets to shows.



From the chairman.

Consumer champions fairness for all New Zealanders - fair prices, quality and service.

We're working hard for a decent world that treats people with respect and dignity.

- Richard Aston



From the CEO.

We are a small organisation often standing up on your behalf against powerful forces. We don't publish anything unless we can back up what we say with evidence.



This year we had great success. But we're not resting, we're here to make changes.

- Sue Chetwin

What they're saying about us.

"My Consumer membership is a regular treat to myself. I really appreciated the personalised response from your Head of Testing to my enquiry about the value of protective coatings for new motor vehicles. These were being promoted by the dealer and the Consumer advice was very helpful in my decision making."

"You've been on my radar for as long as I can remember and are a trusted household name among my family and friends. First port of call when checking products. Lots of competition now from online review sites although I prefer your testing as it is independent and honest!"

"I love the variety of topics that Consumer investigates, I am searching and finding more variety of topics than I would have found previously. I like that electronics and whiteware are reviewed frequently, keeping up to date with the latest models."

consumer.org.nz



Sunscreens

Our routine test of sunscreens found 7 did not meet their SPF claim. We're calling for all sunscreens sold in New Zealand to meet the Australia New Zealand standard.

Choosing wisely

Just because medical tests and treatments are available doesn't mean we should always use them. We've partnered with the Council of Medical Colleges to ensure consumers make more informed choices about healthcare. An example is back pain. It's one of the most common reasons we visit the doctor. But evidence shows most of us recover without needing scans or tests.

consumer. powerswitch

Powerswitch the country's most popular power switching site. Provided free with assistance from the Electricity Authority and retailers, the site helps consumers find the lowest cost retailer in their area and then assists them to make a switch.



More than **610,000** visits to Powerswitch in 2017

The most traffic since the site started in 1999



17% growth year-on-year



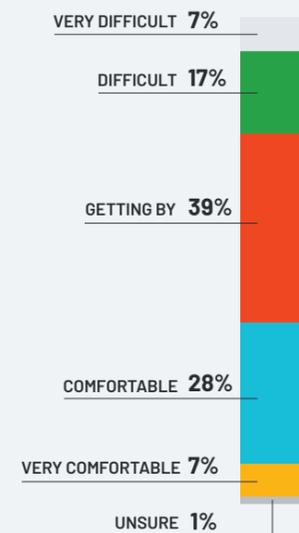
We launched **Consumer Broadband Compare** in the second half of the year. Total sessions **10,785**

Top of mind.

FOR CONSUMERS IN 2017

DOING IT TOUGH VS. LIVING COMFORTABLY*

THE CONCERNS THAT TOPPED THEIR LIST



1. Healthcare costs
2. Home ownership costs
3. Environmental water quality
4. Retirement costs
5. Level of savings/investments
6. Climate change
7. Quality of aged care
8. Employment
9. Education costs
10. University fees

* Degree of difficulty living on income

Top 10 most popular...

Research

- 1 Sunscreens
- 2 Dentist fees
- 3 Car buyers' rights
- 4 Fair Trading Act
- 5 Pain Erazor claims
- 6 Emergency survival kits
- 7 Sneaky fees
- 8 Bed in a box mattresses
- 9 Double glazing
- 10 Fly sprays

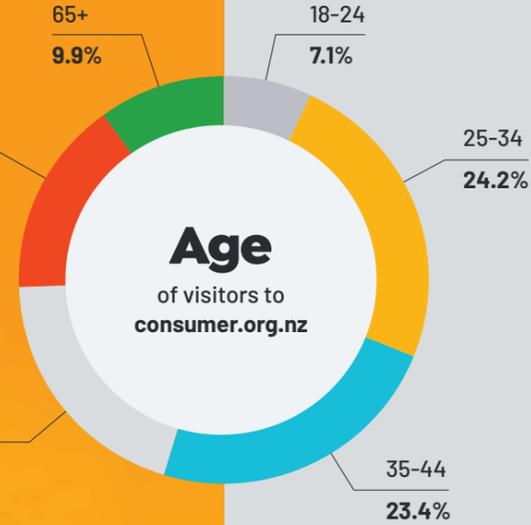
Tests

- 1 Vacuum cleaners
- 2 Washing machines
- 3 Heat pumps
- 4 Dishwashers
- 5 Televisions
- 6 Dehumidifiers
- 7 Ventilation systems
- 8 Dryers
- 9 Fridges
- 10 Cooktops

Our tests.

FOR THE FIRST TIME SINCE 1987 WE TESTED MATTRESSES.

We compared bed-in-a-box mattresses bought sight unseen, online and cheap, to traditional mattresses, which were way more expensive. We liked some of the boxed versions so much we recommended them.



Some stats.



248,600
Total magazine sales



In 2017 there were
3,663,795
sessions on
consumer.org.nz



2,825
Twitter followers



21,268
Facebook followers



...that's an average of
305,316
sessions per month!

Bad Taste Food Award.

Calling out manufacturers on the claims they use to make their products seem like better choices.

And the winner was...

Pumped flavoured waters.

The claim was "low in sugar". But a 750ml bottle contains **4 teaspoons of sugar** - or a third of the recommended daily intake.



Our advisors.

Our consumer rights advisors dealt with

5979 inquiries

mostly to do with electronic faults, whiteware, building complaints and problems with the sale of extended warranties.



Our research.

Salt of the Earth. Or not.

Our research showed gourmet salts could cost

50x

more than regular salt but essentially both were the same. Salt!



Business programmes.

Became a significant part of our work.



Endorsements recognise businesses and services that are doing right by consumers.

Our research.

Survival Kits

If disaster struck could you get through the next 72 hours? Not very well if you bought some of the kits on the market including one from St John.

We recommended 2, and told people how to make up their own kit.





consumer.
Financial Report 2017

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 2017, 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 2017, 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.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 17 March 2017.

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.



BDO Wellington Audit Limited

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
2 March 2018

Consolidated Statement of Comprehensive Revenue and Expense

FOR THE YEAR ENDED 31 DECEMBER 2017 | CONSUMER NZ INCORPORATED

Revenue	NOTES	2017	2016
Revenue from non-exchange transactions	6		
Donations		82,036	20,793
		82,036	20,793
Revenue from exchange transactions			
Membership subscriptions		4,422,507	4,552,726
Interest revenue		128,565	105,980
Other operating revenue		1,764,054	1,477,811
		6,315,125	6,136,517
Total revenue		6,397,161	6,157,311
Expenses	7		
Production and distribution		922,312	881,293
Marketing & promotions		485,411	777,938
Depreciation and amortisation	12, 13	410,734	421,139
Information technology		359,632	380,608
Personnel		2,658,745	2,686,385
Administration		947,870	956,632
Total expenses		5,784,705	6,103,995
Surplus/(deficit) for the year		612,456	53,316
Total other comprehensive revenue and expense		-	-
Total comprehensive revenue and expense for the year		612,456	53,316

Consolidated Statement of Changes in Net Assets

FOR THE YEAR ENDED 31 DECEMBER 2017 | CONSUMER NZ INCORPORATED

	NOTES	2017	2016
Opening balance as at 1 January		1,371,690	1,318,374
Total comprehensive revenue and expense for the year		612,456	53,316
Freda Love Foundation Reserves		10,003	-
Balance as at 31 December		1,994,149	1,371,690

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 2017 | CONSUMER NZ INCORPORATED

Assets	NOTES	2017	2016
Current assets			
Cash and cash equivalents	9	386,302	383,689
Investments	10	4,140,000	3,265,000
Prepayments		68,835	323,449
Receivables from exchange transactions	11	226,633	190,462
		4,821,770	4,162,600
Non-current assets			
Intangible assets	12	205,526	478,387
Property plant and equipment	13	116,671	137,028
		322,197	615,415
TOTAL ASSETS		5,143,967	4,778,015
Liabilities			
Current liabilities			
Payables under exchange transactions	14	449,517	702,997
Employee entitlements	15	122,795	175,094
Deferred subscriptions revenue	19	1,764,865	1,812,599
Other deferred revenue		470,526	349,557
Total current liabilities		2,807,703	3,040,247
Non-current liabilities			
Deferred subscriptions revenue	19	342,115	366,077
		3,149,818	3,406,325
TOTAL LIABILITIES		3,149,818	3,406,325
NET ASSETS		1,994,149	1,371,690
Equity			
Accumulated comprehensive revenue and expense		1,984,146	1,371,690
Freda Love Foundation Reserves		10,003	-
Total net assets attributable to the owners of the controlling equity		1,994,149	1,371,690

Signed for and on behalf of the Board who approved these financial statements for issue on 2 March 2018.



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 2017 | CONSUMER NZ INCORPORATED

	NOTES	2017	2016
Cash flows from operating activities			
Receipts			
Receipts from membership fees		5,018,038	5,104,538
Receipts from exchange transactions		2,204,326	1,795,940
Receipts from other non-exchange transactions		92,036	20,793
Interest received		103,330	114,592
		7,417,730	7,035,864
Payments			
Payments to suppliers		3,660,676	3,773,977
Payments to employees		2,752,752	2,736,338
		6,413,428	6,510,315
Net cash flows from operating activities		1,004,302	525,549
Cash flows from investing activities			
Receipts			
Sale of property, plant and equipment		-	2,300
Withdrawal of short term investments		4,555,000	2,575,000
		4,555,000	2,577,300
Payments			
Purchase of property, plant and equipment		83,867	5,368
Purchase of intangible assets		42,822	-
Investments in short term deposits		5,430,000	3,440,000
		5,556,689	3,445,368
Net cash flows from investing activities		(1,001,689)	(868,068)
Net increase/(decrease) in cash and cash equivalents		2,613	(342,520)
Cash and cash equivalents at 1 January		383,689	726,208
Cash and cash equivalents at 31 December	9	386,302	383,689

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 2017 | CONSUMER NZ INCORPORATED

1. Reporting entity

The reporting entity Consumer NZ Incorporated ("Consumer NZ") conducts consumer research and testing and research 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 2017.

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 2nd March 2018.

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 applicable 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, except for PBE FRS 47 *First-time adoption of PBE standards by entities other than those previously applying NZ IFRSs* paragraph RDR27.2 and RDR27.3, and PBE IPSAS 1 Presentation of Financial Statements paragraphs 116.1 and 116.2.

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 all those 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 and the controlled entity has a 31 December 2017 reporting date.

3.4 Revenue

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

Revenue from non-exchange transactions

Donations

Donations are recognised as revenue upon receipt and include donations from the general public, donations received for specific programme 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 exchange transactions

Membership subscription

Membership subscription is received in exchange for access to membership goods and services, and 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.

3.5 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.

Consolidated Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017 | CONSUMER NZ INCORPORATED

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.

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 are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading and financial assets designated upon initial recognition at fair value through surplus or deficit. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by PBE IPSAS 29.

The Group's financial assets at fair value through surplus or deficit include derivative financial instruments.

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 fall into this category of financial instruments.

Impairment of non-derivative financial assets

The Group assesses at the end of reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit in the Consolidated Statement of Comprehensive Revenue and Expense for the reporting period.

In determining whether there is any objective evidence of impairment, the Group first assesses whether there is objective evidence of impairment of financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the Group determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a group of financial asset's with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively is reversed to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit in the Consolidated Statement of Comprehensive Revenue and Expense.

Financial liabilities

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

3.6 Cash and cash equivalents

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

3.7 Short term investments

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

Consolidated Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017 | CONSUMER NZ INCORPORATED

3.8 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is 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 embodied in the asset.

3.9 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

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.

The useful lives of intangible assets are assessed as either finite or indefinite.

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

The amortisation period and the amortisation method for an intangible asset with a finite useful life are 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 embodied in the asset are considered to modify the amortisation period or method, as appropriate, 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.

The amortisation periods for the Groups assets are as follows:

Trademarks	10 years
Websites	4 years

3.10 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.

3.11 Employee benefits

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 related 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 of employment, 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.

3.12 Income tax

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

3.13 Goods and services tax (GST)

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

The net amount of 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 and 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.

3.14 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 on the basis that the funds be administered by Consumer to meet the cost of the filing fees and providing other assistance to consumers who seek to bring cases against aged residential care providers in the Disputes Tribunal. Interest earned on these funds is added to the donation.

Consolidated Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017 | CONSUMER NZ INCORPORATED

4. Significant accounting judgements, estimates and assumptions

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

Operating lease commitments

During 2017 the Group entered into a lease for office premises rental, commencing 1 September 2018.

The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of office equipment that it does not retain all the significant risks and rewards of ownership and accounts for the contracts as operating leases.

Estimates and assumptions

The 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, existing 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 4.8 and 4.9.

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	
			2017	2016
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 from non-exchange transactions

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

	2017	2016
Donations - General	536	2,793
Donations - Corporate**	71,100	0
Donations - Goods and Services	10,400	18,000
	82,036	20,793

* Corporate donations received in 2017 were from Chorus Limited providers of telecommunications infrastructure throughout New Zealand. These funds contributed to work relating to educating consumers on broadband, routers and internet service in general, and testing of routers.

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FOR THE YEAR ENDED 31 DECEMBER 2017 | CONSUMER NZ INCORPORATED

7. Components of net surplus/(deficit)

Surplus/(deficit) includes the following specific expenses:

	2017	2016
Audit fees	12,896	10,168
Board fees and expenses	74,130	78,489
Depreciation and amortisation	410,734	421,139
Information technology	359,632	380,608
Marketing and promotions	485,411	777,938
Office premises rental	210,479	200,465
Personnel	2,658,745	2,686,386
Production and distribution	922,312	881,293
Foreign exchange loss/(gain)	154	(8,619)
Other administration expenses	650,210	676,128
	5,784,705	6,103,995

8. Auditor's remuneration

BDO Wellington provided audit services to the Group for \$10,000 in 2017. Grant Thornton New Zealand Audit Partnership provided audit services to the Group for \$10,168 in 2016. No non-audit services were provided to the Group by BDO Wellington during the year. (2016: \$nil by Grant Thornton).

9. Cash and cash equivalents

Cash and cash equivalents include the following components:

	31 Dec 2017	31 Dec 2016
Cash at bank	76,451	34,088
On-call deposit accounts	309,850	349,601
Total cash and cash equivalents	386,302	382,689

10. Investments

	31 Dec 2017	31 Dec 2016
Term deposits - maturing within 12 months of balance date	4,140,000	3,265,000

11. Receivables from exchange transactions

Receivables from exchange transactions include the following components:

	31 Dec 2017	31 Dec 2016
Trade debtors	171,763	160,831
Accrued interest	54,870	29,631
	226,663	190,462

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12. Intangible assets

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

31 December 2016	Software	Licences	Trademarks	Total
Cost	1,845,697	7,381	17,122	1,870,200
Accumulated amortisation	1,379,421	6,487	5,905	1,391,813
Net book value	466,276	894	11,217	478,387

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

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)
Closing balance	194,689	1,190	9,648	205,527

2016	Software	Licences	Trademarks	Total
Opening balance	783,432	1,968	12,927	798,327
Additions	-	-	-	-
Disposals	(349,797)	-	-	(349,797)
Amortisations on disposal	349,797	-	-	349,797
Amortisation	(317,154)	(1,074)	(1,710)	(319,937)
Closing balance	466,276	894	11,217	478,388

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13. Property, plant and equipment

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
Net book value	898	32,096	57,245	26,431	116,671

31 December 2016	Fixtures & fittings	Motor vehicles	Computer equipment	Office equipment	Total
Cost/valuation	395,841	55,477	137,565	256,613	845,492
Accumulated depreciation	358,268	12,285	110,666	227,249	708,468
Net book value	37,573	43,192	26,899	29,364	137,028

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

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)
Closing balance	898	32,096	57,246	26,431	116,671

2016	Fixtures & fittings	Motor vehicles	Computer equipment	Office equipment	Total
Opening balance	81,356	54,287	51,727	46,188	233,558
Additions	-	-	3,107	1,561	4,668
Disposals	-	-	(3,869)	(18,175)	(22,044)
Depreciation on disposals	-	-	3,869	18,175	22,044
Depreciation	(43,783)	(11,095)	(27,935)	(18,385)	(101,198)
Closing balance	37,573	43,192	26,899	29,364	137,028

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14. Payables under exchange transactions

	31 Dec 2017	31 Dec 2016
Trade creditors	202,592	497,942
Accruals	88,975	92,916
GST payable	95,220	81,977
Other provisions and payables	62,730	30,161
	449,517	702,996

15. Employee entitlements

	31 Dec 2017	31 Dec 2016
Annual leave	101,322	102,993
Service leave	3,772	4,757
Payroll accrual	17,701	67,344
	122,795	175,094

16. Related party transactions

J and G Bonnar provide office space and relevant utilities at their residential property in Auckland for use by locally based Consumer NZ, General Manager. The use of these facilities have then been donated.

Related party	Description of the transaction	2017	2016	2017	2016
		Value of transactions	Value of transactions	Amount outstanding	Amount outstanding
J & G Bonnar	Expenses relating to office space and facilities, Auckland	10,400	18,000	-	-
J & G Bonnar	Donation relating to office space and facilities, Auckland	10,400	18,000	-	-

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:

	2017	2016
Total remuneration and director's fees	1,138,543	1,107,597
Number of full time equivalent persons	8	8

Remuneration and compensation provided to close family members of key management personnel

During the reporting period, total remuneration and compensation of \$nil (2016: \$nil) was provided by the Group to employees who are close family members of key management personnel.

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17. Leases

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

	2017	2016
Not later than one year	197,827	133,535
Later than one year and no later than five years	701,916	22,468
Later than five years	808,033	-
	1,707,776	156,003

The Group has chosen to exercise a right of early termination as at August 2018 for the Wellington premises at 204 Thorndon Quay. A new lease entered into during 2017 for new premises at 17 Whitmore Street, runs from September 2018 to August 2027.

18. Categories of financial assets and liabilities

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

Financial assets	31 Dec 2017	31 Dec 2016
Loans and receivables		
Cash and cash equivalents	386,302	383,689
Prepayments	68,835	323,449
Receivables from exchange transactions	226,633	190,462
Investments	4,140,000	3,265,000
	4,821,770	4,162,600

Financial liabilities

At amortised cost

	31 Dec 2017	31 Dec 2016
Trade and other creditors	291,568	590,856
Deferred revenue (conditions attached)	2,577,506	2,528,234
	2,869,074	3,119,090

19. Deferred subscriptions revenue

	31 Dec 2017	31 Dec 2016
Current	1,764,865	1,812,599
Non-current		
1 year	280,106	291,882
1-2 plus years	62,009	74,195
	342,115	366,077

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21. Capital commitments

There is one capital commitment at the reporting date, a dishwasher purchased late December to be received and installed early 2018 at \$1,377. (2016: \$Nil)

As at the reporting date a forward exchange rate is held with ASB Bank for AUD335,000 (NZD equivalent 358,135.56) with a value date of 30 January 2018, for settlement of the majority of the annual Choice testing contract (AUD342,000) due for payment 31 January 2018.

22. Contingent assets and liabilities

There are no contingent assets or liabilities at the reporting date. (2016: \$Nil)

23. Events after the reporting date

The Board and management is 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. (2016: \$Nil)



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