



consumer.

Annual Report 2016

Dedicated to getting New Zealanders a fairer deal.



575

number of Consumer magazine editions published since 1959



520,605

visits to our free energy switching site Powerswitch



4000

consumer inquiries answered by our Advice Line staff

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by the numbers



20,561

people followed our Facebook and Twitter feeds



4.2m

visits to consumer.org.nz



346,622

average visits per month



100,000

the number of our members and supporters - we couldn't do it without you!

chairman's report



Good people play fair

Key themes in 2016 were looking at ways to engage our growing membership, and bedding in substantial changes to the website and the organisation's business programmes.

Good team work, led by our very able CEO Sue Chetwin, resulted in Consumer making a small surplus. This allowed us to catch up on past years' deficits which the board had been watching with concern. We can now breathe out again.

Strong advocacy campaigns helped consumers get a fair go. While we are confident of our work informing and helping our paying members, we are especially proud of the advocacy we do for all consumers. That work is not possible without the financial backing of our paying members of course. I reckon all our paying members could tap their mates on the shoulder and say: "Hey I've been supporting Consumer to stand up against the big boys, to protect and help all consumers. Isn't it about time you chipped in?"

My concern is the slow but steady decline in paying members. We are not panicking but with fewer paying members there is less we can do to champion consumer issues. We find income in other areas, eg the Electricity Authority's assistance in funding the Powerswitch site, but I don't want us to move too far from our membership base. Our strength has always been the tens of thousands of members we represent, so when we challenge the players with big budgets, they listen.

We are thinking about how to keep Consumer flourishing, how we can deliver the huge range of reports for our members and continue to stand up for the rights of all consumers. How can we help get a fair deal for all New Zealanders?

Powerswitch is a good example of us partnering with government to level the playing field for consumers making tough choices on energy providers. Consumer built and developed the Powerswitch website to help people work out which power deal is best for them. It is assisted by government because it has a

responsibility to keep the market competitive. It works really well to get consumers a fairer deal but we could not have financed this from memberships alone.

We face significant challenges as people turn to Google and Facebook for advice on consumer issues. Free advice from people you trust is good but advice with no research backing is tricky in a world of fake news and clever marketing shaped to look like quality advice. Opinions are free but well researched advice and testing costs effort and money.

We are exploring what motivates people to pay for good advice. It's the same question news organisations worldwide are exploring - paying for good journalism. We will be taking a hard look at what keeps us relevant to consumers, what advice is needed, where are people struggling with unfairness and what causes consumers the most grief. Hey, if you have ideas drop us a line.

We are passionate about getting a fair deal for all consumers. While the work of consumer watchdogs worldwide has made huge differences in the quality and reliability of products, there is still unfairness. I get angry when I hear of older people scammed by door-to-door salespeople. Good people being sold junk funeral insurance because they want to do the right thing by their families. Mega manufacturers like Kellogg's telling us their sugar-laden breakfast cereals will make our boys stronger. You get my drift, there is still heaps of work for Consumer, backed by our members, to do.

We are up for the challenge. We have the courage and ability to shout out for a fair go for all. The more members, the louder our voice and the more we can do. We are on a committed journey to make this a fairer world. The question is, who is coming with us?

We will be taking a hard look at what keeps us relevant to consumers, what advice is needed, where are people struggling with unfairness and what causes consumers the most grief.

Richard Aston
Consumer NZ Board Chair

ceo's report



Working for a fair deal

The word “unfair” comes up frequently in our line of work. From when we’re looking at the small print in a mobile phone contract or gym membership, to the expiry dates on gift vouchers and the sneaky fees hidden in concert ticket purchases. It regularly appears when a transaction goes wrong and the seller refuses to budge. It appears in relation to online scams and other sophisticated ways of separating you from your money.

Unfairness raises its head with increasing monotony when it comes to health claims on food. We call it out when we see it and you help us. Kellogg’s Nutri-Grain took line honours in our inaugural 2016 Bad Taste Food Awards. It achieves four health stars in the government-backed voluntary rating system (five stars are top), but it packs three teaspoons of sugar in every 40g serving. How can consumers trust the health star ratings to make sensible and healthy choices when sugary products get high ratings? We’re working hard to ensure a review of the ratings stops companies earning high stars for sugary snacks.

Unfair terms in standard form contracts were banned in March 2015. These are the sorts of terms you might once have found in your telco contract or the contract of any utility, or a residential tenancy agreement. Consumers don’t have a chance to negotiate them. It’s not until you get into trouble you realise what you’ve signed away. Typically, unfair terms give companies unilateral rights to vary the terms, the goods or services supplied, or even the price. They are conditions that cause a significant imbalance between the rights of the company and your rights. They are not necessary to protect the legitimate interests of the company and would be detrimental to the consumer if they were relied on. We campaigned to make sure consumers knew they had rights if they came across unfair terms and you told us in good numbers about your experiences. Gyms figured largely. We raised our concerns with the Commerce Commission, which is looking into such contacts.

We worked with our Consumer Trusted businesses to ensure their terms and conditions were as consumer friendly as we could make them.

Insurance contracts are generally exempt from the ban on unfair terms - that’s something we’re campaigning to fix.

We worked relatively successfully with retailers to drop their unfair expiry dates on gift vouchers. More than 70 percent of us regularly buy gift vouchers. And why wouldn’t we? They are a convenient solution to shopping dilemmas. But strict expiry dates meant many consumers were getting stuck with cards they couldn’t redeem. A Consumer NZ survey found one in five gift card recipients had been left empty-handed after the card expired before redemption. That, we calculated, was a \$10 million windfall for retailers. Some of the bigger shops agreed to change, by extending, or in some instances, dumping the expiry dates. That was great news. However, the likes of Prezzy card and Briscoes stuck with a stingy 12 months. We’re still hoping to change their minds!

And we were successful in stopping airlines like Jetstar unfairly pre-selecting items such as insurance, seating and luggage in online bookings. These pre-ticked boxes risked misleading consumers into paying for services they clearly did not want. As the Commerce Commission said, consumers were sensible enough to make those decisions themselves.

We continued with our Do Not Knock campaign to try to stop unscrupulous cold-callers door-stepping vulnerable customers. We’ve distributed more than 500,000 stickers for people to put on their front doors, letter boxes or fences.

Campaigns and advocacy go to the heart of what we are all about. Where we see unfairness to consumers or even worse, we work to remedy the situation.

As an independent, not-for-profit organisation, almost entirely funded by members we couldn’t do it without you. It would be unfair of me not to thank you.

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Sue Chetwin
Consumer NZ CEO

research

We investigated many issues, from antibiotic resistance to the amount of sugar in your breakfast cereal. We continued to spotlight products failing to live up to their claims and that risk misleading consumers about what they get for their money.



Exposing junk insurance

Funeral insurance is sold as peace of mind your nearest and dearest won't have to pick up the tab for your last hoorah. But our investigation found funeral insurance could be the most expensive way of paying for your final farewell. You can end up paying thousands more than the insurance cover is worth. And if you cancel because premiums are too high, you can kiss goodbye to your money. Marketing of these policies risks misleading consumers about the cover they're getting. We've called for insurers to disclose the lifetime costs of the policies so consumers can make informed choices about their value.



\$520 moisturiser fails to impress

Age-defying claims are a dime a dozen in the beauty aisle. Lotions promising to "regenerate" or "revitalise" your skin number in the thousands. The only thing more extravagant than the claims are the eye-watering costs of some products. Our test of nine moisturising creams revealed price doesn't guarantee superior results. A \$13 cream outperformed the most expensive, luxury-priced La Mer: the Moisturising Gel Cream, which retails for \$520. We also found "hypoallergenic" and "dermatologically tested" claims don't mean much. There's no standard definition of these terms and products carrying them can contain potential allergens such as fragrances.

BAD TASTE FOOD AWARDS

Bad Taste Food Awards

This year, we launched our Bad Taste Food Awards to call out food companies using claims to make their products look like "healthier" choices – whether it's a high-sugar cereal promoted as a healthier choice or a snack bar boasting its super-fruit content when it's got hardly any fruit. Among 2016's "winners" was Kellogg's Nutri-Grain, which received the most nominations. Marketed as an "iron man food" and "fuel and energy for active teens", the cereal is more than a quarter sugar.



testing

From drones and heat pumps to fridges and fitbits, from vacuum cleaners and sous vides to dehumidifiers and blenders, we're there putting products through their paces. There's no other organisation that independently puts so many products to the test so consumers can choose with confidence what's right for them.



Rise of the drones

We developed a test for drones and reported on consumer-relevant issues in their use and regulation. Our test and report was shared with Choice, the Australian consumer organisation, which adapted it for the Australian market. Back on ground level, we captured the emergence of electric cars and bicycles. Our initial reports were guides introducing the products and technologies to consumers. The good response means we'll continue to report on these as the technologies develop. We'll create test methods to assess electric bikes and cars.

We continued to test TVs, mobile phones and printers and report on any innovations.



Pump it up

Every winter we produce a suite of tests and advice to assist consumers in keeping their homes warm and healthy. This year, with our usual tests of electric heaters, dehumidifiers and electric blankets, we developed a robust assessment of heat pumps. For many years we've provided a comprehensive heat pump database, now covering almost 200 models. This year we analysed performance data to calculate a score and make product recommendations. Our work also included a sizing calculator, and with results from our annual member survey of heat pump reliability, it ensured members could find the best performing heat pump for them.



Keeping it local

Cost-effective arrangements with Australian consumer group Choice and ICRT (International Consumer Research and Testing) enable us to complete a broad test programme. But it is essential our testing remains relevant to New Zealand consumers. We bought dozens of products, sending some to our test partners while keeping others in-house to trial. This year we increased the number and type of products we tested and trialled in New Zealand.

In spring we published a series of gardening and outdoor product tests. This included a comparative test of ride-on lawnmowers, tested at Masterton showgrounds. We also tested cordless battery-powered garden tools locally, which provided in-depth reviews to supplement tests we shared with Choice, and we tested a low-end barbecue back-to-back with a top-performing Weber model to explain the differences we see in our barbecue test results.

Some things never change

Through our testing programme we give members sound advice and reliable recommendations on what products to buy. There are products we test each year that aren't glamorous, but remain popular. Our latest tests of large household appliances such as fridges, dishwashers, washing machines and ovens are always well viewed. Vacuum cleaners also rank consistently in the top three most popular products. When buying a vacuum cleaner, the options can be daunting. We've tested more than 80 models from over 20 brands ranging from less than \$100 to almost \$2000. So this year we enhanced our testing by calculating a value "sweet-spot", using our data and expertise to show why it's worth spending so much, but not too much on a vacuum cleaner.



Our testing programme is largely funded by member subscriptions. Our advice is truly independent because we don't accept advertising. Unlike many other publications and websites, our recommendations are based on verifiable test data.

<p>125 product types tested in 2016</p>	<p>80+ vacuum cleaner models tested</p>	<p>200 heat pump models in our database</p>	<p>1.6m visitors to product tests on our website</p>
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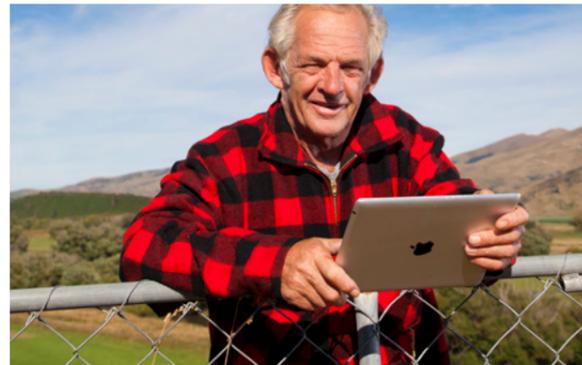
business development

Many organisations commission research and testing from us. They want to get independent, trusted and free information to consumers. Here are some examples.



Spotlight on sunbeds

Using a sunbed is a health risk to anyone. But for people with fair skin that burns easily or those under 18 the potential for lasting and serious damage significantly increases. Despite these risks, eight sunbed operators in our latest mystery shop allowed a person with fair skin to use a sunbed. Three operators also allowed an underage shopper to have a sunbed session. **Sunbed mystery shop, commissioned by the Ministry of Health. Published February 2016**



The tyranny of distance

If you live in the country you already know your "broadband" doesn't often live up to that name. The Rural Broadband Initiative (RBI) was created to solve this problem. The RBI's goal is broadband with peak download speeds of at least 5Mbps (megabits per second) to more than 90 percent of homes and businesses outside urban ultra fast broadband areas. We explain the five options for rural dwellers wanting to get better broadband speeds. And also discuss what they can expect to pay. **Rural broadband initiative commissioned by the Ministry of Business, Innovation and Employment. Published March 2016**

Keep both feet on the ground

Patios, decks and paths walked along without a second thought in dry weather become a serious risk for slips and falls when wet. Inside, polished wood, tiles and vinyl flooring can also send you flying if they get wet. We measured the grip levels of indoor and outdoor anti-slip products, including paint, coatings, and stick-on grips, along with timber, vinyl and tiling products to help consumers keep both feet on the ground.

Indoor and outdoor anti-slip testing commissioned by Accident Compensation Corporation. Published June 2016

Beauty clinics removing skin lesions

Our mystery shop found seven beauty clinics willing to remove a raised skin spot when our undercover shopper should have been sent to a GP to be checked for melanoma. Shoppers visited 46 clinics. The majority did the right thing and said our shoppers should see a GP, but seven clinics in Auckland were willing to recommend a variety of treatments to take off a raised lesion on our shopper's arm.

Spot removal mystery shop, commissioned by Ministry of Health. Published June 2016



Is raw milk natural goodness or food safety Russian roulette?

Queen Elizabeth reportedly drinks raw milk. Its advocates swear it helps prevent allergies, and is more nutritious and easier to digest than the pasteurised stuff. However, foodborne illness outbreaks linked to raw milk have led to new regulations restricting its sale. We looked at whether some of the reasons people drank raw milk stacked up and provided tips to reduce your risk of getting sick.

Raw milk commissioned by the Ministry for Primary Industries. Published July 2016

Can solar lights outperform the competition?

We tested solar security and garden lights to see if they've got what it takes to provide a safe level of light for your paths and entranceways. We also tested their competition: 12V wired-in garden lights and mains-powered sensor security lights. And we provided top tips from one of New Zealand's leading landscape designers on the best way to illuminate your outdoor areas.

Outdoor lighting commissioned by Accident Compensation Corporation. Published August 2016

Bon voyage

Accidents can happen while you're overseas - even if you're visiting a "safe" destination. If your trip goes south, you could be saddled with an enormous bill for medical, legal and other expenses.



The government won't bail you out. We prepared a guide so that before you jump on the plane, you know the basics.

Travel insurance guide commissioned by the Ministry of Foreign Affairs and Trade. Published September 2016

business programmes

Our endorsement programme activity and revenue grew significantly, primarily because of our new Top Brand and People's Choice endorsements. Consumer Recommends and Consumer Trusted endorsements continued to provide significant contributions. More than 80 brands and products actively use Consumer NZ endorsements.



Businesses go through robust assessments to be accredited. The focus is mainly on the requirements of consumer law, such as the Consumer Guarantees Act and the Fair Trading Act. It is not easy to become accredited. It requires significant effort and commitment on the behalf of the businesses that apply.

We were delighted to confirm the accreditation of **Skinny Mobile, Heartlands Senior Finance** and **Carpet Mill** in 2016. Accreditation was renewed for **Flick Electric, Triton Hearing, Shoe Clinic, Inspire Net, Resene** and **Woohoo NZ Tax refunds**.



We test thousands of products across numerous categories each year. The testing methodology across all categories is robust and detailed. The products that perform to a high standard in our tests may receive a Consumer Recommends endorsement. On rare occasions we come across products that we think consumers should avoid and these are defined as "Don't Buy". Consumers should feel confident they are making a good purchasing decision if they select products recommended by Consumer NZ.

All Consumer NZ endorsements are based on rigorous and detailed methodologies. They recognise products and services that achieve high standards in customer experience and product quality. Brands and products that hold endorsements can use them in marketing activity. They pay a licence fee and the revenue generated is fed back into our work which benefits all consumers. The endorsements help consumers recognise those brands and products that have performed strongly in our testing and research.



The People's Choice endorsement was launched mid-2015 and is based on results of our annual surveys. These include energy retailer, ISP and bank satisfaction. To be awarded People's Choice a brand must have strong results in overall customer satisfaction. There can be one, multiple or no winners in each category depending upon the results. We continue to investigate new categories.

Fisher Funds KiwiSaver, MAS Insurance, TSB Bank, 100% Appliances, Skinny Mobile and **FMG House Insurance** are licensed under the People's Choice endorsement programme.



As a mutual insurer, we pride ourselves on providing clients with outstanding day-to-day service and support, so it's very rewarding to get feedback from our clients that we are meeting their expectations.

ANDREA BRUNNER, FMG CHIEF CLIENT, MARKETING AND HUMAN RESOURCES OFFICER



This recognises brands that perform well across three areas - test results, customer satisfaction and reliability. Winning brands can use the endorsement across all products within a particular category. We make two major Top Brand releases annually - appliances mid-year and technology in October-November. As with People's Choice, we have been pleased with the growth of this programme.

Breville (espresso machines, food blenders and mixers, microwaves and toasters), **LG** (washing machines), **Sebo** (vacuum cleaners), **Miele** (clothes dryers, dishwashers, ovens, vacuum cleaners, washing machines), **Fisher & Paykel** (fridges and freezers), **Panasonic** (heat pumps), **Stihl** (line trimmers), **Bosch** (clothes dryers, cooktops) and **Kenwood** (food mixers) are licensed to use the Top Brand award.

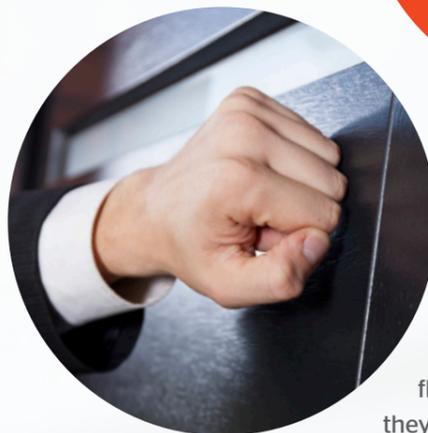
consumer advice line

Our Advice Line provides expert information on consumer rights. Advisers Maggie Edwards and Paul Doocey answer questions and help resolve issues ranging from problems with faulty cars to getting refunds for failed mobile phones.

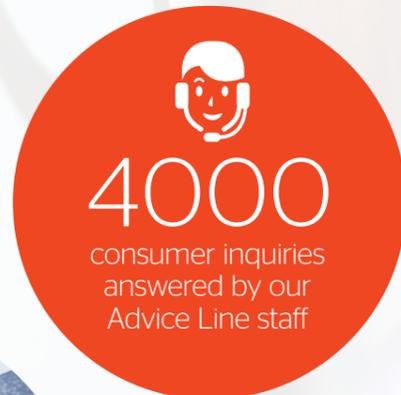


Case study

Claims a \$4500 vacuum cleaner and air filter could remove cancer-causing particles were part of the six-hour sales pitch Petrina Virtue endured when a door-to-door salesman came calling. Petrina was phoned by a rep from Sica Limited, offering her a free set of coasters or a glass chopping board if she agreed to a demonstration of the company's "home purification system". The home purification system turned out to be a \$4500 vacuum cleaner and an equally expensive air filter. Petrina eventually signed up to buy the vacuum cleaner just so she could rid of



the rep. Consumer adviser Maggie Edwards says door-to-door vacuum sellers are a regular cause of complaints. "They cold-call offering a free gift or leave a flier in your mailbox claiming they have an item to deliver. You only find out they're selling overpriced vacuum cleaners when the sales rep turns up. "If you agree to buy a product from a door-to-door trader, you have five working days to cancel after you receive a copy of the sales agreement. The seller must inform you of your cancellation rights. You can cancel during this time for any reason and the seller must refund any money you've paid," Maggie says. The day after the sales rep called, Petrina used her consumer rights and cancelled the sale.



consumer. powerswitch

Consumer Powerswitch remained the most comprehensive energy comparison site in the country. It benefitted consumers by making it easier to shop around and helped increase the competitive pressures on retailers.

To keep up, Powerswitch had a serious makeover. Consumers can now find the best electricity and gas plans on their phones as well as their tablets and desktops.

They're even able to save their household profiles to return on a regular basis to check they're still on the best plan. And, more than 20,000 consumers have done so. It's easy to change your profile if you've made changes, for example, there's been an addition to the family, or you've installed different heating. Additional houses can be added enabling you to easily check plans for say your parents or your bach. Powerswitch had more than 520,000 visits. Sixteen percent of the traffic came from the Electricity Authority's What's My Number advertising campaign. The rest came direct to Powerswitch. More than 17,000 consumers initiated a switch. Once the new website was launched in October, switching increased 18 percent.



Consumer Powerswitch was supported by Consumer NZ, Electricity Authority, Gas Industry Company and retailers: Contact Energy, Ecotricity, Electra Energy, Electric Kiwi, Flick Electric Co., Genesis Energy, GLO-BUG, Energy Online, Mercury, Meridian, Nova Energy, P2P Power, Paua to the People, Powershop, Pulse Energy, Tiny Mighty Power, Trustpower.

Powerswitch was launched way back in 1999 to ensure fair pricing for consumers. The site has given consumers an easy way to compare prices for gas and electricity as power costs have risen. It's also provided a visible platform for new entrants.

Our experience tells us that start-ups could not survive if they weren't displayed on Powerswitch. They have no ability to compete with the major players' promotional budgets. An important way for them to gain recognition is by ranking well on the Consumer Powerswitch website.

<p>17,000+ consumers initiated a switch</p>	<p>520,000+ visits to powerswitch.org.nz</p>
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the board

1

Paul Larson
Dunedin

Has worked as a clinical pharmacist and drug information pharmacist in hospitals. Has also worked for the National Poisons Centre. Owns pharmacies in Dunedin and Ranfurly. On various national pharmaceutical organisations and is a member of the Institute of Directors. Paul chairs the Consumer Audit and Risk Management Committee.

2

Ann Court
Kerikeri

An elected member of the Far North District Council (15 years). She is a member of the Regional Land Transport Committee and Northland RoadSafe. She chairs the District Licensing Committee. She has also been a Trustee of Top Energy Consumer Trust for 12 years.

3

Richard Aston
Auckland, Chair

CEO of Big Buddy, a social agency working with volunteer mentors. Richard comes from a business background in IT (for large corporates) and marketing. He's been on school boards and the occasional government panel. He's particularly interested in harnessing the internet power of consumers to give feedback – both good and bad – to the commercial world.



1

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4

Sue Kedgley
Wellington, Deputy Chair

Deputy Chairperson of Consumer New Zealand, a Trustee of the Consumer Foundation, and a member of Consumer NZ's Audit and Risk Committee. She is a Wellington Regional Councillor and a Board member of Capital and Coast District Health Board. She is a former Green MP and has a long involvement in consumer issues, including as Consumer Spokesperson for the Green party and as a founder and Convenor of the Safe Food Campaign. She is a writer and former broadcaster, and the author of six books.

5

Oscar Alpers
Christchurch

A lawyer with experience in private practice and local government. Chairman of the Port Hills Park Trust Board, a member of the Royal Forest and Bird Protection Society, and a Rotarian. Has extensive governance experience in local and central government, the voluntary sector and the commercial sector. He is a member of the Consumer Audit and Risk Management Committee and the Consumer Foundation.

6

Marie Shroff
Wellington

Has long experience of governance including board memberships: Equal Opportunities Trust (joint business/ government body); International Board of the Commonwealth Association for Public Administration; also governance and leadership of the Office of (most recently) the Privacy Commissioner and the Cabinet Office. She has been a member of Consumer NZ since the 1970s. She chairs the Consumer Foundation.

7

Jon Duffy
Wellington

Heads Trust & Safety at Trade Me, New Zealand's largest online market place. Previously he was a senior investigator at the Commerce Commission and led the investigation of GlaxoSmithKline for misrepresenting vitamin C in Ribena. Jon also led the Complaints & Investigations team at the Real Estate Agents Authority and is a Netsafe NZ Board member. He is on Consumer's Audit and Risk Management Committee.

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We have the courage and ability to shout out for a fair go for all. The more members, the louder our voice and the more we can do.

Board Chair Richard Aston

the executive



Karen McDonald
Head Of Marketing and Business Development and Deputy CEO



Derek Bonnar
General Manager Business Programmes



Julie Saunders
Financial Controller



Scott Feehan
Head of Information Services



Paul Smith
Head Of Testing



Jessica Wilson
Head Of Research

Disclosure of payment for Consumer staff activities

During the year Consumer NZ staff attended a number of events and conferences in part funded by industry, government or some other outside party. These included:

- In April CEO Sue Chetwin participated in a consumer protection policy summit hosted by Google at its offices in New York. Her airfares, accommodation and expenses were covered by Google.
- Technical writer Hadyn Green attended meetings funded by industry including:

- Apple phone launch
- Apple MacBook launch
- Huawei product range launch
- Huawei innovation conference
- LG TV launch
- Symantec end of year lunch
- Technical writer Erin Bennett attended:
 - Orcon Gigabit announcement in Auckland
 - Internet NZ death and the internet panel
- CEO Sue Chetwin also spoke at events hosted and paid for by the organisers including:
 - Fruit and Beverage Council meeting in Rotorua (travel)

- Insurance and Financial Services Ombudsman conference Auckland (travel)
- The organisation is represented on various government agency committees and NGOs for which it is paid. All attendance fees are paid to Consumer NZ, not the individual including:
 - The Banking Ombudsman Scheme
 - The Consumer and Public Health Dialogue of Food Standards Australia, New Zealand
 - Environmental Choice
 - Enviro-mark Industry Advisory Panel
 - Electricity Authority
 - Retail Advisory Group



consumer.
Financial Report 2016

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auditors report



To the Members of Consumers NZ Incorporated (the "Group")

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Group on pages 1 to 16 which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with NZ PBE IPSAS 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 Group.

Board Members' Responsibilities for the Consolidated Financial Statements

The board members are responsible on behalf of the Group for the preparation and fair presentation of these consolidated financial statements in accordance with NZ PBE IPSAS RDR issued by the New Zealand Accounting Standards Board, and for such internal control as those charged with governance determine is necessary to enable the preparation of

Audit

Grant Thornton New Zealand Audit Partnership
Level 15, Grant Thornton
215 Lambton Quay
PO Box 10712
Wellington 6143
T +64 (0)4 474 8500
T +64 (0)4 474 8509
www.grantthornton.co.nz



consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, those charged with governance are responsible 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 members either intend 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 reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Description_of_Auditors_responsibilities.aspx

Restriction on use of our report

This report is made solely to the Group's members. Our audit work has been undertaken so that we might state to the Group's members 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 Group and the Group's members for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Partnership

B Kennerley
Partner
Wellington

17 March 2017

Consolidated Statement of Comprehensive Revenue and Expenses

FOR THE YEAR ENDED 31 DECEMBER 2016 | CONSUMER NZ INCORPORATED

Revenue	NOTES	2016	2015
Revenue from non-exchange transactions	7		
Donations		20,793	155
		20,793	155
Revenue from exchange transactions			
Membership transactions		4,552,726	4,556,555
Interest revenue		105,980	126,545
Other operating revenue		1,477,811	900,154
		6,136,517	5,583,254
Total revenue		6,157,311	5,583,409
Expenses	8		
Production and distribution		881,293	917,012
Marketing & promotions		777,938	996,734
Depreciation and amortisation	13, 14	421,139	487,290
Information technology		380,608	407,776
Personnel		2,613,785	2,764,895
Administration		1,029,232	841,680
Total expenses		6,103,995	6,415,386
Surplus/(deficit) for the year		53,316	(831,977)
Total other comprehensive revenue and expenses		-	-
Total comprehensive revenue and expense for the year		53,316	(831,977)

Consolidated Statement of Changes in Net Assets

FOR THE YEAR ENDED 31 DECEMBER 2016 | CONSUMER NZ INCORPORATED

	NOTES	2016	2015
Opening balance as at 1 January	3	1,318,374	2,150,351
Total comprehensive revenue and expense for the year		53,316	(831,977)
Balance as at 31 December		1,371,690	1,318,374

*Certain amounts shown here do not correspond to the 2015 financial statements and reflect adjustments made due to first time adoption of PBE standards. Refer to Note 3.

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 2016 | CONSUMER NZ INCORPORATED

Assets	NOTES	2016	2015	1 JAN 2015
			Restated*	Restated*
Current assets				
Cash and cash equivalents	10	383,689	726,209	546,805
Investments	11	3,265,000	2,400,000	2,900,000
Receivables from exchange transactions	12	513,911	130,777	363,352
		4,162,600	3,256,986	3,810,157
Non-current assets				
Intangible assets	13	478,387	798,327	1,173,650
Property plant and equipment	14	137,028	233,558	270,109
		615,415	1,031,885	1,443,759
TOTAL ASSETS		4,778,015	4,288,871	5,253,916
Liabilities				
Current liabilities				
Trade and other creditors	15	702,997	399,035	395,932
Employee entitlements	16	175,094	107,272	146,081
Current deferred subscriptions revenue	20	1,812,599	1,895,207	2,037,185
Current other deferred revenue		349,557	193,738	72,563
Total current liabilities		3,040,247	2,595,252	2,651,761
Non-current liabilities				
Non-current deferred subscriptions revenue	20	366,077	375,245	451,803
TOTAL LIABILITIES		3,406,325	2,970,497	3,103,564
NET ASSETS		1,371,690	1,318,374	2,150,351
Equity				
Accumulated comprehensive revenue and expense		1,371,690	1,318,374	2,150,351
Total net assets attributable to the owners of the controlling equity		1,371,690	1,318,374	2,150,351

*Certain amounts shown here do not correspond to the 2015 financial statements and reflect adjustments made due to first time adoption of PBE standards. Refer to Note 3.

Signed for and on behalf of the Board who approved these financial statements for issue on 17 March 2017.



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 2016 | CONSUMER NZ INCORPORATED

	NOTES	2016	2015*
Cash flows from operating activities			
Receipts			
Receipts from membership fees		5,104,538	4,938,824
Receipts from exchange transactions		1,795,940	1,292,658
Receipts from other non-exchange transactions		20,793	155
Interest received		114,592	170,430
		7,035,864	6,402,067
Payments			
Payments to suppliers		3,773,977	3,718,025
Payments to employees		2,736,338	2,931,110
		6,510,315	6,649,136
Net cash flows from operating activities		525,549	(247,069)
Cash flows from investing activities			
Receipts			
Sale of property, plant and equipment		2,300	1,200
Withdrawal of short term investments		2,575,000	4,200,000
		2,577,300	4,201,200
Payments			
Purchase of property, plant and equipment		5,368	74,728
Investments in short term deposits		3,440,000	3,700,000
		3,445,368	3,774,728
Net cash flows from investing activities		(868,068)	426,472
Net increase/(decrease) in cash and cash equivalents		(342,520)	179,403
Cash and cash equivalents at 1 January		726,208	546,805
Cash and cash equivalents at 31 December	10	383,689	726,208

*Certain amounts shown here do not correspond to the 2015 financial statements and reflect adjustments made due to first time adoption of PBE standards. Refer to Note 3.

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 2016 | 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 2016.

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 17 March 2017.

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. Effect of first-time adoption of PBE standards on accounting policies and disclosures

This is the first set of financial statements of the Group that is presented in accordance with PBE standards. The Group previously reported in accordance with New Zealand Financial Reporting Standards ("NZ FRS"). These have now been restated to Not-For-Profit PBE IPSAS-RDR. We have considered the effects of the change, if any and concluded there are none that apply.

4. 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.

4.1 Basis of measurement

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

4.2 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.

4.3 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 2016 reporting date.

4.4 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.

Consolidated Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2016 | CONSUMER NZ INCORPORATED

4.5 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.

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

Consolidated Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2016 | CONSUMER NZ INCORPORATED

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.

4.6 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.

4.7 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.

4.8 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.

4.9 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

4.10 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.

4.11 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.

4.12 Income tax

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

4.13 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.

4.14 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:

Consolidated Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2016 | CONSUMER NZ INCORPORATED

Accumulated comprehensive revenue and expense

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

Prior period adjustment

After reviewing the Consumer Foundation's rules alongside PBE IPSAS 6 Consolidated and Separate Financial Statements it has been determined that Consumer NZ Incorporated controls the Consumer Foundation. The following tables highlight the effect on the 2015 comparatives:

Comprehensive revenue and expenses		31 Dec 2015
Revenue		9,257
Expenses		511
Total comprehensive revenue and expenses		8,746

Statement of financial position		
	31 Dec 2015	1 Jan 2015
Assets	205,711	206,966
Liabilities	-	-
Net assets/equity	205,711	206,966

5. 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 2016 the Group entered into a lease for two office multifunctional devices.

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.

6. 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	
			2016	2015
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.

7. Revenue from non-exchange transactions

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

	2016	2015
Donations - General	2,793	155
Donations - Goods and Services	18,000	-
	20,793	155

Consolidated Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2016 | CONSUMER NZ INCORPORATED

8. Components of net surplus/(deficit)

Surplus/(deficit) includes the following specific expenses:

	2016	2015
Audit fees	10,168	11,325
Board fees and expenses	78,489	75,823
Depreciation and amortisation	421,139	487,290
Information technology	380,608	407,776
Marketing and promotions	777,938	996,734
Office premises rental	200,465	173,213
Personnel	2,613,785	2,764,895
Production and distribution	881,293	917,012
Foreign exchange loss/(gain)	(8,619)	8,075
Other administration expenses	748,729	573,244
	6,103,995	6,415,386

9. Auditor's remuneration

Grant Thornton New Zealand Audit Partnership provides audit services to the Group for \$10,168 in 2016, (2015: \$11,325). No non-audit services were provided to the Group by Grant Thornton during the year (2015: \$2,070 - financial reporting transition assistance).

10. Cash and cash equivalents

Cash and cash equivalents include the following components:

	31 Dec 2016	31 Dec 2015	1 Jan 2015
Cash at bank	34,088	32,809	33,574
On-call deposit accounts	349,601	693,400	513,231
Total cash and cash equivalents	383,689	726,209	546,805

11. Investments

	31 Dec 2016	31 Dec 2015	1 Jan 2015
Term deposits - maturing within 12 months of balance date deposit accounts	3,265,000	2,400,000	2,900,000

12. Receivables from exchange transactions

Receivables from exchange transactions include the following components:

	31 Dec 2016	31 Dec 2015	1 Jan 2015
Trade debtors	160,831	68,449	137,430
Prepayments	323,449	24,086	143,793
Accrued interest	29,631	38,243	82,129
	513,911	130,778	363,352

Consolidated Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2016 | CONSUMER NZ INCORPORATED

13. Intangible assets

31 December 2016	Software	Licences	Trademarks	Total
Cost/valuation	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

31 December 2015	Software	Licences	Trademarks	Total
Cost	2,195,496	7,381	17,122	2,219,999
Accumulated amortisation	1,412,064	5,413	4,195	1,421,672
Net book value	783,432	1,968	12,927	798,327

1 January 2015	Software	Licences	Trademarks	Total
Cost	2,204,425	8,997	16,925	2,230,348
Accumulated amortisation	1,048,259	5,955	2,484	1,056,698
Net book value	1,156,167	3,042	14,441	1,173,650

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

2016	Software	Licences	Trademarks	Total
Opening balance	783,432	1,968	12,927	798,327
Additions	-	-	-	-
Disposals	(349,797)	-	-	(349,797)
Amortisations on disposals	349,797	-	-	349,797
Amortisation	(317,154)	(1,074)	(1,710)	(319,937)
Closing balance	466,276	894	11,217	478,387

2015	Software	Licences	Trademarks	Total
Opening balance	1,156,167	3,042	14,441	1,173,650
Additions	-	-	197	197
Disposals	(8,929)	(5,776)	-	(14,706)
Amortisations on disposals	8,929	5,776	-	14,705
Amortisation	(372,735)	(1,074)	(1,712)	(375,520)
Closing balance	783,432	1,968	12,927	798,327

Consolidated Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2016 | CONSUMER NZ INCORPORATED

14. Property, plant and equipment

31 December 2016	Fixtures & fittings	Motor vehicles	Computer equipment	Office equipment	Total
Cost/valuation	395,841	55,477	137,565	256,613	845,496
Accumulated amortisation	358,268	12,285	110,666	227,249	708,468
Net book value	37,573	43,192	26,899	29,364	137,028

31 December 2015	Fixtures & fittings	Motor vehicles	Computer equipment	Office equipment	Total
Cost/valuation	395,841	55,477	138,327	273,227	862,872
Accumulated amortisation	314,485	1,190	86,600	227,039	629,314
Net book value	81,356	54,287	51,727	46,188	233,558

1 January 2015	Fixtures & fittings	Motor vehicles	Computer equipment	Office equipment	Total
Cost/valuation	395,841	48,819	202,442	273,227	920,329
Accumulated amortisation	270,703	40,993	133,979	204,545	650,220
Net book value	125,138	7,826	68,463	68,682	270,109

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

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)	(18,715)	(22,044)
Depreciation on disposals	-	-	3,869	18,715	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

2015	Fixtures & fittings	Motor vehicles	Computer equipment	Office equipment	Total
Opening balance	125,138	7,826	68,463	68,682	270,109
Additions	-	55,477	19,741	-	75,219
Disposals	-	(48,819)	(79,696)	-	(128,516)
Depreciation on disposals	-	48,819	79,696	-	128,516
Depreciation	(43,782)	(9,017)	(36,479)	(22,494)	(111,771)
Closing balance	81,356	54,287	51,727	46,188	233,558

Consolidated Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2016 | CONSUMER NZ INCORPORATED

15. Trade and other creditors

	31 Dec 2016	31 Dec 2015	1 Jan 2015
Trade creditors	497,942	139,919	154,525
Accruals	92,916	91,454	48,039
GST payable	81,977	73,212	76,069
Other provisions and payables	30,161	94,450	117,298
	702,996	399,035	395,931

16. Employee entitlements

	31 Dec 2016	31 Dec 2015	1 Jan 2015
Annual leave	102,993	88,918	113,250
Service leave	4,757	5,872	3,470
Payroll accrual	67,344	12,483	29,361
	175,094	107,272	146,081

17. 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	Value of transactions	Value of transactions	Amount outstanding	Amount outstanding
J & G Bonnar	Expenses relating to office space and facilities, Auckland	18,000	-	-	-
J & G Bonnar	Donation relating to office space and facilities, Auckland	18,000	-	-	-

17.1 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:

	2016	2015
Total remuneration and director's fees	1,074,753	986,988
Number of full time equivalent persons	8	8

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

During the reporting period, total remuneration and compensation of \$nil (2015: \$nil) was provided by the Group to employees who are close family members of key management personnel.

Consolidated Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2016 | CONSUMER NZ INCORPORATED

18. 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:

	2016	2015
Not later than one year	133,535	173,213
Later than one year and no later than five years	22,468	115,475
Later than five years	-	-
	156,003	288,688

The Wellington premises have been leased until August 2020, with a right of early termination as at August 2017.

19. 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 2016	31 Dec 2015	1 Jan 2015
Loans and receivables			
Cash and cash equivalents	383,689	726,209	546,805
Receivables from exchange transactions	513,911	130,778	363,352
Investments	3,265,000	2,400,000	2,900,000
	4,162,600	3,256,986	3,810,157

Financial liabilities

At amortised cost

	31 Dec 2016	31 Dec 2015	1 Jan 2015
Trade and other creditors	590,856	231,374	210,856
Employee entitlements	175,094	107,272	146,081
Deferred revenue (conditions attached)	2,528,234	2,464,190	2,561,551
	3,294,184	2,802,836	2,918,489

20. Deferred subscriptions revenue

	2016	2015	2014
Current	1,812,600	1,895,207	2,037,185
Non-current			
1 year	291,882	313,000	378,284
1-2 plus years	74,195	62,245	73,519
	366,077	375,245	451,803
	2,178,677	2,270,452	2,488,988

Consolidated Notes to the Financial Statements

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21. Capital commitments

There were no capital commitments at the reporting date. (2015: \$Nil)

22. Contingent assets and liabilities

There are no contingent assets or liabilities at the reporting date. (2015: \$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. (2015: \$Nil)





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