

Financial Services Complaints Limited

Financial statements
for the year ended 30 June 2017

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Approval of Financial statements

The Directors are pleased to present the Financial statements, of Financial Services Complaints Limited, for the year ended 30 June 2017.

For and on behalf of the Board of Directors:



Director



Director

Dated: 1 September 2017

Company directory

as at 30 June 2017

| | | | |
|-----------------------------|--|-----|----------------------------|
| Registered office | Level 4 101 Lambton Quay Wellington 6011 | | |
| Incorporation number | 2303993 | | |
| IRD number | 103-018-668 | | |
| Directors | Kenneth Johnston QC Bruce Cronin (resigned 1 October 2016) Raewyn Fox Roger Kerr Gary Young Mary Holm (appointed 1 October 2016) | | |
| Shareholders | The shareholder of the Company holds the shares on trust for the fulfilment of the objective of the Company, which is to provide an external dispute service for its Participants. <table style="margin-left: auto; margin-right: 0;"><tr><td style="text-align: right;">100</td></tr><tr><td style="text-align: right;"><u>100</u> Ordinary shares</td></tr></table> | 100 | <u>100</u> Ordinary shares |
| 100 | | | |
| <u>100</u> Ordinary shares | | | |
| Accountants | KPMG Level 9 10 Customhouse Quay Wellington 6011 | | |
| Auditors | BDO Wellington Level 1 50 Customhouse Quay Wellington 6011 | | |

Financial Services Complaints Limited

Financial statements for the year ended 30 June 2017

Profit and loss statement

for the year ended 30 June 2017

| | Note | 2017 \$ | 2016 \$ |
|-----------------------------|------|------------------|------------------|
| Revenue | 1 | 1,675,333 | 1,623,922 |
| Total revenue | | 1,675,333 | 1,623,922 |
| Expenses | | | |
| Administration | 2 | 1,418,696 | 1,534,867 |
| Finance | 3 | - | 1 |
| Non cash items | 4 | 52,371 | 54,124 |
| Total expenses | | 1,471,067 | 1,588,992 |
| Net business surplus | | 204,266 | 34,930 |
| Other income | | | |
| Interest received | | 84,304 | 82,081 |
| FSCL conference | 5 | 2,434 | - |
| | | 86,738 | 82,081 |
| Net surplus | | 291,004 | 117,011 |

These statements are to be read in conjunction with the notes to the financial statements

Financial Services Complaints Limited

Financial statements for the year ended 30 June 2017

Statement of movements in equity

for the year ended 30 June 2017

| | Note | 2017 | 2016 |
|------------------------------|----------|------------------|------------------|
| | | \$ | \$ |
| Net surplus for the year | | 291,004 | 117,011 |
| Equity at beginning of year | | 2,146,497 | 2,029,486 |
| Equity at end of year | 8 | 2,437,501 | 2,146,497 |

These statements are to be read in conjunction with the notes to the financial statements

Financial Services Complaints Limited

Financial statements for the year ended 30 June 2017

Balance sheet

as at 30 June 2017

| | Note | 2017 \$ | 2016 \$ |
|-------------------------------|------|------------------|------------------|
| Equity | 8 | 2,437,501 | 2,146,497 |
| Current assets | | | |
| Cash and bank balances | 9 | 126,441 | 317,092 |
| Accounts receivable | 10 | 45,104 | 20,078 |
| Prepayments | | 23,410 | 24,966 |
| Short term deposits | 11 | 2,181,856 | 1,695,621 |
| GST refund due | | 3,923 | 5,185 |
| Income tax refund | 6 | 24,055 | 28,114 |
| | | 2,404,789 | 2,091,056 |
| Non current assets | | | |
| Property, plant and equipment | 12 | 119,081 | 131,221 |
| Intangibles | 13 | 44,514 | 76,261 |
| | | 163,595 | 207,482 |
| Total assets | | 2,568,384 | 2,298,538 |
| Current liabilities | | | |
| Accounts payable | | 43,957 | 53,779 |
| Income in advance | | 15,231 | - |
| Accrued charges | | 69,492 | 84,059 |
| Lease incentive | 14 | 2,203 | 14,203 |
| | | 130,883 | 152,041 |
| Total liabilities | | 130,883 | 152,041 |
| Net assets | | 2,437,501 | 2,146,497 |

These statements are to be read in conjunction with the notes to the financial statements

Statement of cashflow

for the year ended 30 June 2017

| | Note | 2017 \$ | 2016 \$ |
|---|------|------------------|----------------|
| Cash was provided by (used for) | | | |
| Operating activities | | | |
| Receipts from Participants | | 1,688,059 | 1,623,657 |
| GST movement | | 1,262 | 3,582 |
| Operating costs | | (1,473,616) | (1,537,639) |
| Income tax paid | | 4,059 | 21,793 |
| | 15 | 219,764 | 111,393 |
| Investing activities | | | |
| Payments to property, plant and equipment and intangible assets | | (8,485) | (8,397) |
| | | (8,485) | (8,397) |
| Financing activities | | | |
| Increase of term deposits | | (486,234) | (44,272) |
| Net interest received | | 84,304 | 82,080 |
| | | (401,930) | 37,808 |
| Net movement in cash | | (190,651) | 140,803 |
| Opening bank balances | | 317,092 | 176,289 |
| Closing bank balances | | 126,441 | 317,092 |
| Represented by | | | |
| Business Current Account | | 25,908 | 19,171 |
| Office Current Account | | 1,224 | 3,543 |
| Premium Call Account | | 50,820 | 294,370 |
| Business First Oncall Account | | 8 | 8 |
| Serious Saver 1 | | 2,175 | - |
| Serious Saver 2 | | 46,306 | - |
| Closing bank balances | 9 | 126,441 | 317,092 |

These statements are to be read in conjunction with the notes to the financial statements

Statement of accounting policies

for the year ended 30 June 2017

Basis of preparation

Financial Services Complaints Limited is a company domiciled in New Zealand and registered under the Companies Act 1993.

The financial statements comprise of profit and loss statement, movements in equity, balance sheet, statement of cashflows and accounting policies as well as the notes to these statements.

Financial Services Complaints Limited does not have a general purpose financial reporting requirement, on this basis Financial Services Complaints Limited's constitution requires the preparation of special purpose financial statements within five months of the company's balance date.

Financial Services Complaints Limited has elected to apply the Public Benefit Entity Simple Format Reporting - Accrual (Not for Profit) ("PBE SFR-A (NFP)") standard with the exception of an entity information page and the preparation of a statement of service performance on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000. The financial statements have been prepared applying the accounting policies of accrual accounting and the double entry method of recording financial transactions. The financial statements have been prepared under the assumption that Financial Services Complaints Limited will continue to operate in the foreseeable future.

Purpose

The purpose of the financial statements is to provide users with consistent year on year information regarding the financial performance and position of Financial Services Complaints Limited and so that the company can meet its obligations under the Income Tax Act.

Revenue recognition

Revenue on scheme participants' fees and case fees is recognised in the period that it relates to. Revenue on events including workshops is recognised in the period in which the event takes place. Any unearned income at year end is recorded in income received in advance.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where an item of property, plant or equipment is disposed of, the gain or loss recognised in the profit and loss statement is calculated as the difference between the sale price and the carrying amount of the asset.

Depreciation

Depreciation is charged to the profit and loss statement at the rate appropriate to spread the cost of the asset over the expected useful life of the asset. The following rates have been used.

Office equipment 20.0 - 67.0% diminishing value and 20.0% - 50.0% straight line

Furniture and fittings 0 - 25.0% diminishing value and 5.0 - 8.5% straight line

Commercial fit-out 10.0 - 13.0% diminishing value

Receivables

Receivables are stated at estimated realisable value after providing against debts where collection is doubtful. Bad debts are written off during the period in which they are identified.

Statement of accounting policies

for the year ended 30 June 2017

Taxation

The income tax recognised in the profit and loss account is the estimated income tax payable in the current year, adjusted for any differences between the estimated and actual income tax payable in prior years.

Goods and services tax

The Company is registered for GST. All amounts are shown exclusive of Goods & Services Tax (GST), except for receivables and payables which are shown inclusive of GST.

Intangible assets

Intangible assets are stated at cost less amortisation. Amortisation is charged to the profit and loss statement at the rate appropriate to spread the cost of the intangible over its expected useful life.

The following rates have been used:

Website 20.0% straight line

Software 50.0% straight line

Trade and other payables

Trade and other payables are stated at cost.

Lease Incentive

Lease incentives received are amortised over the term of the lease and recognised as a reduction in the rent incurred during the financial year.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year.

Notes to the financial statements

| 1 Operating revenue | 2017 | 2016 |
|---------------------------------|------------------|------------------|
| | \$ | \$ |
| Scheme Participants' fees | 1,425,664 | 1,412,938 |
| Case fees | 243,060 | 206,020 |
| Workshop fees | 2,000 | 2,911 |
| Other revenue | 4,609 | 2,053 |
| Total operating revenue | 1,675,333 | 1,623,922 |
| | | |
| 2 Administration | 2017 | 2016 |
| | \$ | \$ |
| ACC Levy | 1,648 | 2,163 |
| Accounting | 19,201 | 23,321 |
| Annual general meeting expenses | 4,367 | 4,146 |
| Audit fees | 10,450 | 10,500 |
| Bad debts | 16,699 | 1,000 |
| Bank charges | 5,078 | 4,763 |
| Board expenses | 7,563 | 9,176 |
| Cleaning | 5,976 | 5,238 |
| Communications | 3,590 | 4,620 |
| Complaint costs | 220 | 2,965 |
| Computer expenses | 45,078 | 42,974 |
| Consulting fees | 15,239 | 11,678 |
| Consumer outreach | 484 | 6,613 |
| Directors fees | 102,000 | 117,000 |
| Employee expenses | 870 | 1,823 |
| Entertainment - deductible | 2,162 | 2,623 |
| Entertainment - non-deductible | 2,444 | 2,965 |
| Fringe Benefit Tax | 2,793 | 2,686 |
| General expenses | 12,671 | 11,110 |
| Heat, light and power | 4,732 | 4,322 |
| Insurance | 9,578 | 9,014 |
| Legal | 88,874 | 85,754 |
| Low cost assets | 561 | 217 |
| Postage and Shipping | 615 | 632 |
| Printing and stationery | 10,040 | 9,295 |
| Promotions and Publications | 33,742 | 20,225 |
| Recruitment | 5,888 | - |
| Rent | 116,871 | 116,142 |
| Salaries | 826,765 | 957,832 |
| Seminar expenses | 7,862 | 7,154 |
| Subscriptions | 8,382 | 5,113 |
| Telecommunications | 14,090 | 11,373 |
| Training | 10,927 | 15,827 |
| Travelling | 21,014 | 23,963 |
| Workshop costs | 222 | 640 |
| | 1,418,696 | 1,534,867 |

Notes to the financial statements

| | | |
|---------------------------------------|---------------|---------------|
| 3 Finance | 2017 | 2016 |
| | \$ | \$ |
| Interest | - | 1 |
| | - | 1 |
| 4 Non cash items | 2017 | 2016 |
| | \$ | \$ |
| Depreciation - Office equipment | 7,776 | 7,656 |
| Depreciation - Furniture and fittings | 5,556 | 6,616 |
| Depreciation - Commercial fit-out | 7,293 | 8,106 |
| | 20,625 | 22,378 |
| Amortisation of intangibles | 31,746 | 31,746 |
| | 52,371 | 54,124 |
| 5 FSCL Conference | | 2016 |
| | \$ | \$ |
| Conference revenue | | |
| Sponsorship | 1,000 | - |
| Registrations | 25,521 | - |
| Total conference revenue | 26,521 | - |
| Conference expenses | | |
| Venue | 16,362 | - |
| Travel costs | 4,339 | - |
| Conference gifts | 1,070 | - |
| Other conference expenses | 2,316 | - |
| Total conference expenses | 24,087 | - |
| Net conference surplus | 2,434 | - |

Notes to the financial statements

| 6 Tax | 2017 \$ | 2016 \$ |
|--|------------------|------------------|
| Net surplus before tax (as per page 5) | 291,004 | 117,011 |
| Adjustments for differences | | |
| Timing differences | | |
| Movement in accounting fee accrual | (550) | 1,400 |
| Movement in holiday pay accrual | (19,502) | 5,742 |
| Movement in provision for doubtful debts | 4,000 | - |
| | (16,052) | 7,142 |
| Permanent differences | | |
| Entertainment - non-deductible | 2,444 | 2,965 |
| Amortisation of intangibles | 4,745 | (22,257) |
| Non assessable income derived from Scheme Participants | (1,425,664) | (1,412,938) |
| Non assessable portion of lease incentive | (12,000) | (12,000) |
| Non deductible expenses related to Scheme Participants | 1,144,990 | 1,297,759 |
| Non deductible depreciation | 3,498 | 4,880 |
| Non deductible salaries | - | 20,000 |
| | (281,987) | (121,591) |
| Total adjustments | (298,039) | (114,449) |
| Surplus before losses brought forward | (7,035) | 2,562 |
| Losses brought forward | (152,223) | (154,785) |
| Taxable income (loss to carry forward) | (159,258) | (152,222) |
| Resident withholding tax paid | (24,055) | (28,114) |
| Income tax refund | (24,055) | (28,114) |
| Losses carried forward are made up of: | | |
| Business losses | (159,258) | (152,222) |
| | (159,258) | (152,222) |

7 Imputation credits

In accordance with the Income Tax Act 2007, a New Zealand company is not required to maintain an imputation credit account if it has a constitution which prohibits a distribution to a shareholder. On the basis that the constitution of Financial Services Complaints Limited prohibits distributions to shareholders, it is not required to maintain an imputation credit account.

Notes to the financial statements

8 Equity

| | | 2017 | 2016 |
|-------------------|-----------------|------------------|------------------|
| | | \$ | \$ |
| Share capital | Quantity 100 | - | - |
| Retained earnings | | 2,437,501 | 2,146,497 |
| Equity | | 2,437,501 | 2,146,497 |

The Company's constitution provides that the capital of the Company consists of one hundred fully paid ordinary shares (at nil value) to be held by the person who for the time being occupies the position of Chairperson of the Company. The shareholder of the Company holds the shares on trust for the fulfilment of the objective of the Company, which is to provide an external dispute resolution service for its Participants. By Deed, the Shareholder acknowledges that he is a mere legal owner of the shares, and that he holds the same on behalf of the Company and its participants for the time being.

The Board does not have the power to issue further shares.

Movements in retained earnings

| | | |
|-------------------------------|------------------|------------------|
| Balance at beginning of year | 2,146,497 | 2,029,486 |
| Net surplus | 291,004 | 117,011 |
| Balance at end of year | 2,437,501 | 2,146,497 |

Notes to the financial statements

| 9 Cash and bank balances | 2017 | 2016 |
|---------------------------------|----------------|----------------|
| | \$ | \$ |
| Business Current Account | 25,908 | 19,171 |
| Office Current Account | 1,224 | 3,543 |
| Premium Call Account | 50,820 | 294,369 |
| Business First Oncall Account | 8 | 8 |
| Serious Saver 1 | 2,175 | - |
| Serious Saver 2 | 46,306 | - |
| | 126,441 | 317,092 |

| 10 Accounts receivable | 2017 | 2016 |
|-------------------------------|---------------|---------------|
| | \$ | \$ |
| Accounts receivable | 49,104 | 20,078 |
| Provision for doubtful debts | (4,000) | - |
| | 45,104 | 20,078 |

Notes to the financial statements

11 Short term deposits

| | 2017 | 2016 |
|-------------------------|------------------|------------------|
| | \$ | \$ |
| ANZ Term Deposit - 1001 | 596,992 | 582,778 |
| ANZ Term Deposit - 1002 | 83,577 | 81,743 |
| ANZ Term Deposit - 0010 | 216,322 | 210,709 |
| ANZ Term Deposit - 1011 | - | 168,255 |
| ANZ Term Deposit - 1012 | 361,882 | - |
| ANZ Term Deposit - 1013 | 254,993 | - |
| BNZ Term Deposit - 1001 | 668,090 | 652,136 |
| | 2,181,856 | 1,695,621 |

The ANZ Term Deposits are held on the following terms:

Term deposit 1001 is for a period of 365 days and is due to mature on 17 July 2017. Interest is earned at 3.55% per annum.

Term deposit 1002 is for a period of 365 days and is due to mature on 7 July 2017. Interest is earned at 3.40% per annum.

Term deposit 0010 is for a period of 365 days and is due to mature on 30 October 2017. Interest is earned at 3.65% per annum.

Term deposit 1012 is for a period of 365 days and is due to mature on 27 April 2018. Interest is earned at 3.75% per annum.

Term deposit 1013 is for a period of 270 days and is due to mature on 11 September 2017. Interest is earned at 3.70% per annum.

The BNZ Term Deposit 1001 is for a period of 365 days and is due to mature on 4 November 2017. Interest is earned at 3.65% per annum.

Notes to the financial statements

12 Property, plant and equipment

| | Cost \$ | Depreciation \$ | Acc depn \$ | Carrying value \$ |
|-----------------------------------|----------------|--------------------|----------------|----------------------|
| Office equipment | 99,581 | 7,776 | 81,225 | 18,356 |
| Furniture and fittings | 73,212 | 5,556 | 37,969 | 35,243 |
| Commercial fit-out | 109,961 | 7,293 | 44,479 | 65,482 |
| Balance as at 30 June 2017 | 282,754 | 20,625 | 163,673 | 119,081 |

| | Cost \$ | Depreciation \$ | Acc depn \$ | Carrying value \$ |
|-----------------------------------|----------------|--------------------|----------------|----------------------|
| Office equipment | 92,853 | 7,656 | 73,449 | 19,404 |
| Furniture and fittings | 71,455 | 6,616 | 32,413 | 39,042 |
| Commercial fit-out | 109,961 | 8,106 | 37,186 | 72,775 |
| Balance as at 30 June 2016 | 274,269 | 22,378 | 143,048 | 131,221 |

Further information can be found in the supplementary summary Statement of property, plant and equipment included at the back of these financial statements.

13 Intangible assets

| | 2017 \$ | 2016 \$ |
|--------------------------------|---------------|---------------|
| Website | | |
| Cost | 88,859 | 88,859 |
| Accumulated amortisation | (44,345) | (29,507) |
| Net book value | 44,514 | 59,352 |
| Software | | |
| Cost | 90,467 | 90,467 |
| Accumulated amortisation | (90,467) | (73,559) |
| Net book value | - | 16,908 |
| Total intangible assets | 44,514 | 76,261 |

Notes to the financial statements

| 14 Lease incentive | 2017 | 2016 |
|----------------------|--------------|---------------|
| | \$ | \$ |
| Opening balance | 14,203 | 26,203 |
| Current year portion | (12,000) | (12,000) |
| | 2,203 | 14,203 |

In the 2012 financial year the Company received a payment of a lease incentive from the lessor of their leased office premises to contribute towards the fit out costs. The contribution has been amortised over the six year term of the lease and recognised as a reduction in the rent incurred during the financial year.

| 15 Net cash flow from operating activities | 2017 | 2016 |
|--|----------------|----------------|
| | \$ | \$ |
| Net Surplus | 291,004 | 117,011 |
| Non cash items and (income)/expenditure classified as financing | | |
| Depreciation and amortisation | 52,371 | 54,124 |
| Provision for doubtful debts | 4,000 | - |
| Income from disposal of assets | - | 131 |
| Interest on term deposits | (84,304) | (82,081) |
| Interest expense | - | 1 |
| | (27,933) | (27,825) |
| Net cash surplus | 263,071 | 89,186 |
| Movements in working capital items | | |
| Decrease (increase) in accounts receivable | (29,026) | 1,184 |
| Decrease (increase) in prepayments | 1,556 | 125 |
| Decrease (increase) in GST receivable | 1,262 | 3,582 |
| Increase (decrease) in accounts payable | (9,822) | (273) |
| Increase (decrease) in income in advance | 15,231 | (1,580) |
| Increase (decrease) in accrued charges | (14,567) | 9,376 |
| Increase (decrease) in lease incentive | (12,000) | (12,000) |
| Decrease (increase) in taxation receivable | 4,059 | 21,793 |
| | (43,307) | 22,207 |
| Total net cash flows from operating activities | 219,764 | 111,393 |

Notes to the financial statements

16 Operating lease commitments

| | 2017 | 2016 |
|--|--------|----------------|
| | \$ | \$ |
| Lease commitments under non-cancellable operating leases are as follows: | | |
| Current portion | 30,627 | 122,507 |
| Non current portion | - | 30,627 |
| | | 153,134 |

The Company is party to a six year lease over its current premises, expiring 16 October 2017, with one right of renewal of three years. Subsequent to balance date FSCL have renewed their lease for three years. The total commitment for this is \$400,932

17 Commitments and contingent liabilities

A contingent liability exists at balance date in relation to an appeal of the High Court decision with regards to the application by FSCL for the use of the term "Ombudsman". The maximum liability should the appeal be unsuccessful is approximately \$36,500. However, if the appeal is successful then FSCL will be entitled to recover similar amounts from the Chief Ombudsman. (2016: \$nil)

18 Events occurring after balance date

There have been no material subsequent events that have occurred after balance date.

19 Related party transactions

The Company was a party to the following transactions with related parties during the period:

Roger Kerr is personally registered as a participant with the Company.

Statement of property, plant and equipment

for the year ended 30 June 2017

| | Private use | Original Cost | Opening WDV | Additions/ (sales) | Profit/(loss) on sale | Capital Gain/(loss) | Depn method | Depn | Accum Depn | Closing WDV |
|---|-------------|---------------|-------------|--------------------|-----------------------|---------------------|-------------|------|------------|-------------|
| Office equipment | | | | | | | | | | |
| Toshiba Satellite Laptop | | 2,310 | 34 | | | | 50.0D | 17 | 2,294 | 17 |
| Dell Inspiron Laptop | | 1,332 | 20 | | | | 50.0D | 10 | 1,322 | 10 |
| Intel Core PC | | 2,413 | 45 | | | | 50.0D | 22 | 2,390 | 23 |
| Intel Pentium PC | | 2,007 | 37 | | | | 50.0D | 18 | 1,988 | 19 |
| Various Computer | | 1,053 | 25 | | | | 50.0D | 12 | 1,040 | 13 |
| Accessories | | | | | | | | | | |
| Olympus digital dictation recorders | | 1,118 | 29 | | | | 50.0D | 15 | 1,104 | 14 |
| Computer Software | | 793 | 11 | | | | 50.0D | 6 | 788 | 5 |
| MS Office and Security Software and Installation | | 680 | 11 | | | | 50.0D | 6 | 675 | 5 |
| Case Management Software | | 25,685 | 385 | | | | 50.0D | 192 | 25,492 | 193 |
| Computer equipment | | 4,013 | 147 | | | | 50.0D | 73 | 3,939 | 74 |
| Kitchen equipment | | 781 | 107 | | | | 30.0D | 32 | 707 | 75 |
| Water cooler | | 749 | 202 | | | | 25.0D | 50 | 597 | 152 |
| Kitchen equipment | | 1,362 | 270 | | | | 30.0D | 81 | 1,173 | 189 |
| NEC PABX System | | 10,257 | 3,712 | | | | 20.0D | 742 | 7,287 | 2,970 |
| 7 Humanscale M2 Monitor Arms - Clamp Mount | | 1,925 | 191 | | | | 40.0D | 76 | 1,810 | 115 |
| HP Computer, LCD Display and Software | | 2,571 | 121 | | | | 50.0D | 60 | 2,510 | 61 |
| 2 x Telephones and Programming | | 315 | 117 | | | | 20.0D | 23 | 221 | 94 |
| Samsung tablet | | 834 | 46 | | | | 50.0D | 23 | 811 | 23 |
| Laptop | | 2,113 | 127 | | | | 50.0D | 64 | 2,050 | 63 |
| HP 6300 Pro Computer | | 1,809 | 197 | | | | 50.0D | 98 | 1,710 | 99 |
| Monitor Arm Clamp Mount | | 550 | 107 | | | | 40.0D | 43 | 486 | 64 |
| PBX Card and phone | | 3,690 | 1,826 | | | | 20.0D | 365 | 2,229 | 1,461 |
| HP 6300 Pro Computer | | 1,461 | 175 | | | | 50.0D | 88 | 1,374 | 87 |
| HP ProDesk 600, Viewsonic 22" Monitor, Microsoft Office 2013 and Installation | | 2,015 | 337 | | | | 50.0D | 168 | 1,846 | 169 |
| Nespresso Coffee Machine | | 534 | 223 | | | | 30.0D | 67 | 378 | 156 |
| HP Pavilion Touchsmart Notebook | | 1,217 | 229 | | | | 50.0D | 114 | 1,102 | 115 |
| Digital Voice Recorder | | 798 | 230 | | | | 40.0D | 92 | 660 | 138 |
| HP Prodesk 600 DVD | | 1,928 | 441 | | | | 50.0D | 220 | 1,707 | 221 |
| Wireless Headset | | 960 | 323 | | | | 40.0D | 129 | 766 | 194 |
| Electronic Dictator | | 651 | 67 | | | | 67.0D | 45 | 629 | 22 |
| PC and monitor | | 2,466 | 565 | | | | 50.0D | 282 | 2,183 | 283 |
| Envy Laptop | | 625 | 143 | | | | 50.0D | 72 | 554 | 71 |
| HP Prodesk computer | | 1,526 | 635 | | | | 50.0D | 318 | 1,209 | 317 |
| Projector | | 795 | 447 | | | | 25.0D | 112 | 460 | 335 |
| Television | | 721 | 347 | | | | 40.0D | 139 | 513 | 208 |
| Wireless headset | | 945 | 416 | | | | 40.0D | 166 | 695 | 250 |
| Samsung Tablet | | 590 | 395 | | | | 33.0P | 195 | 390 | 200 |
| ViewSonic monitor and clamp | | 1,320 | 1,211 | | | | 20.0P | 264 | 373 | 947 |

This supplementary schedule does not form part of the financial statements

Financial Services Complaints Limited

Financial statements for the year ended 30 June 2017

Statement of property, plant and equipment for the year ended 30 June 2017

| | Date | Private use | Original Cost | Opening WDV | Additions/ (sales) | Profit/(loss) on sale | Capital Gain/(loss) | Depn method | Depn | Accum Depn | Closing WDV |
|---|--------|-------------|----------------|----------------|--------------------|-----------------------|---------------------|-------------|---------------|----------------|----------------|
| Prodesk 600 PC (x3) | | | 5,941 | 5,454 | | | | 33.0P | 1,961 | 2,448 | 3,493 |
| 2 Computer Screens | May 17 | | - | - | 649 | | | 20.0P | 22 | 22 | 627 |
| 3 PCs and related deskcare, SLA and office 365 | Dec 16 | | - | - | 4,863 | | | 33.3P | 941 | 941 | 3,922 |
| Samsung Galaxy S7 Edge | Dec 16 | | - | - | 1,217 | | | 50.0P | 353 | 353 | 864 |
| | | | 92,853 | 19,404 | 6,728 | | | | 7,776 | 81,225 | 18,356 |
| Furniture and fittings | | | | | | | | | | | |
| Desk and Drawer Unit | | | 497 | 218 | | | | 13.0D | 28 | 307 | 190 |
| Utility room shelving | | | 2,210 | 800 | | | | 20.0D | 160 | 1,570 | 640 |
| 8 Steelcase Thick Chair - Black Base, Fixed Arms | | | 6,392 | 2,886 | | | | 16.0D | 462 | 3,968 | 2,424 |
| Office furniture for L4 Sybase House | | | 32,420 | 14,856 | | | | 16.0D | 2,377 | 19,941 | 12,479 |
| Office furniture for L4 Sybase House | | | 3,873 | 1,775 | | | | 16.0D | 284 | 2,382 | 1,491 |
| Prints for office | | | 4,564 | 1,807 | | | | 20.0D | 361 | 3,118 | 1,446 |
| Artwork for office | | | 2,600 | 2,600 | | | | E | - | - | 2,600 |
| Furniture for L4 Sybase House | | | 4,716 | 3,005 | | | | 13.0D | 391 | 2,102 | 2,614 |
| Artwork for foyer | | | 1,957 | 1,957 | | | | E | - | - | 1,957 |
| Bar stools | | | 2,040 | 1,578 | | | | 16.0D | 252 | 714 | 1,326 |
| Barleaner | | | 2,999 | 2,285 | | | | 16.0D | 366 | 1,080 | 1,919 |
| Coffee machine | | | 522 | 383 | | | | 25.0D | 96 | 235 | 287 |
| Desk components | | | 2,072 | 1,603 | | | | 16.0D | 256 | 725 | 1,347 |
| Kitchen cupboards | | | 1,009 | 855 | | | | 10.0D | 85 | 239 | 770 |
| Refrigerator | | | 904 | 565 | | | | 25.0D | 141 | 480 | 424 |
| Rollerblinds | | | 1,112 | 625 | | | | 25.0D | 156 | 643 | 469 |
| Desks | | | 909 | 599 | | | | 13.0D | 78 | 388 | 521 |
| Coffee table | | | 659 | 645 | | | | 8.5P | 56 | 70 | 589 |
| Desk, screen edge, fitting and freight | Jun 17 | | - | - | 1,757 | | | 5.0P | 7 | 7 | 1,750 |
| | | | 71,455 | 39,042 | 1,757 | | | | 5,556 | 37,969 | 35,243 |
| Commercial fit-out | | | | | | | | | | | |
| Design and project management of fit-out of L4 Sybase House | | | 20,595 | 12,725 | | | | 10.0D | 1,273 | 9,143 | 11,452 |
| Design for fit-out of L4 Sybase House | | | 1,175 | 733 | | | | 10.0D | 73 | 515 | 660 |
| Fit-out of of L4 Sybase House | | | 69,959 | 44,006 | | | | 10.0D | 4,401 | 30,354 | 39,605 |
| Refurbishment of L4 Sybase House Foyer | | | 3,297 | 2,560 | | | | 10.0D | 256 | 993 | 2,304 |
| FSCL meeting room | | | 14,339 | 12,265 | | | | 10.0D | 1,227 | 3,301 | 11,038 |
| Sky reciever | | | 595 | 485 | | | | 13.0D | 63 | 173 | 422 |
| | | | 109,961 | 72,775 | | | | | 7,293 | 44,479 | 65,482 |
| Total | | | 274,269 | 131,221 | 8,485 | | | | 20,625 | 163,673 | 119,081 |

This supplementary schedule does not form part of the financial statements

Statement of property, plant and equipment
for the year ended 30 June 2017

| | Date | Private use | Original Cost | Opening WDV | Additions/ (sales) | Profit/(loss) on sale | Capital Gain/(loss) | Depn method | Depn | Accum Depn | Closing WDV |
|---|------|-------------|---------------|-------------|--------------------|-----------------------|---------------------|-------------|---------------|----------------|----------------|
| Reconciliation to accounts | | | | | | | | | | | |
| Additions/gains | | | 8,485 | | 8,485 | | | | | | |
| Total Property Plant and Equipment | | | 282,754 | 131,221 | 8,485 | | | | 20,625 | 163,673 | 119,081 |

This supplementary schedule does not form part of the financial statements

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF FINANCIAL SERVICES COMPLAINTS LIMITED**

Opinion

We have audited the financial statements of Financial Services Complaints Limited ("the Company"), which comprise the balance sheet as at 30 June 2017, and the profit and loss statement, statement of movements in equity, and statement of cashflow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company for the year ended 30 June 2017 are prepared, in all material respects, in accordance with the accounting policies specified in Note 1 to the financial statements.

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 Financial Statements* section of our report. We are independent of the Company 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 Company.

Other Information

The Directors are responsible for the other information. The other information obtained at the date of this auditor's report is information contained in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation of the financial statements in accordance with the accounting policies specified in Note 1 to the financial statements and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 Company to cease to continue as a going concern.

We communicate with the directors 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.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to report financial performance to the Company's shareholder. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Company and the Company's shareholder, as a body, and should not be distributed to or used by parties other than the Company or the Company's shareholder. 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 Company and the Company's shareholder, as a body, for our audit work, for this report or for the opinions we have formed.



BDO Wellington
Wellington
New Zealand
1 September 2017