

Financial Services Complaints Limited

Financial statements
for the year ended 30 June 2015

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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 2015.

For and on behalf of the Board of Directors:



Director



Director

Dated: 28 August 2015

Company directory

as at 30 June 2015

Registered office	Level 4 101 Lambton Quay Wellington 6011
Incorporation number	2303993
IRD number	103-018-668
Directors	Kenneth Johnston Bruce Cronin Raewyn Fox Roger Kerr Gary Young
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. <div style="text-align: right;"><u>100</u> <u>100</u> Ordinary shares</div>
Accountants	KPMG Level 9 10 Customhouse Quay Wellington 6011
Auditors	BDO Wellington Level 1 50 Customhouse Quay Wellington 6011

Profit and loss statement

for the year ended 30 June 2015

	Note	2015 \$	2014 \$
Revenue	1	1,689,226	1,558,252
Gross surplus		1,689,226	1,558,252
Expenses			
Administration	2	1,465,407	1,384,932
Finance	3	17	-
Non cash items	4	70,325	43,379
Total expenses		1,535,749	1,428,311
Net business surplus		153,477	129,941
Other income			
Interest received		93,737	77,791
FSCL conference	5	1,147	-
		94,884	77,791
Net surplus		248,361	207,732

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

Statement of movements in equity

for the year ended 30 June 2015

	Note	2015	2014
		\$	\$
Net surplus for the year		248,361	207,732
Equity at beginning of year		1,781,125	1,573,393
Equity at end of year	8	2,029,486	1,781,125

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

Balance sheet

as at 30 June 2015

	Note	2015 \$	2014 \$
Equity	8	2,029,486	1,781,125
Current assets			
Cash and bank balances	9	176,288	216,725
Accounts receivable	10	21,262	24,355
Prepayments		25,092	22,524
Short term deposits	11	1,651,349	1,425,279
GST refund due		8,767	5,528
Income tax refund	6	49,907	23,533
		1,932,665	1,717,944
Non current assets			
Property, plant and equipment	12	253,339	200,526
Intangibles	13	-	4,859
		253,339	205,385
Total assets		2,186,004	1,923,330
Current liabilities			
Accounts payable		54,052	30,650
Income in advance		1,580	3,120
Accrued charges		74,683	70,232
Lease incentive	14	26,203	38,203
		156,518	142,205
Total liabilities		156,518	142,205
Net assets		2,029,486	1,781,125

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 2015

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 account, movements in equity, balance sheet and accounting policies as well as the notes to these statements.

The financial statements have been prepared applying the accounting policies of accrual accounting and the double entry method of recording financial transactions. They comply with the New Zealand Tax Administration (Financial Statements) Order 2014. The financial statements have been prepared on the basis of tax values with the exception of the lease incentive and intangible assets which are recorded at historical cost and amortised over their useful life.

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.

Transition to Financial Statements

From 1 April 2014, the Financial Reporting Act 2013 has come into force replacing the Financial Reporting Act 1993, this is effective for applicable companies with reporting periods beginning on or after 1 April 2014.

Financial Services Complaints Limited's constitution required that general purpose financial reports be completed within five months of the company's balance date in line with the now repealed Financial Reporting Act 1993. The constitution has since been amended and approved by the Board and the Minister to require the preparation of special purpose financial statements within five months of the company's balance date.

Therefore Financial Services Complaints Limited no longer has a general purpose financial reporting requirement. Financial Services Complaints Limited's reporting requirements now need to be in compliance with the Tax Administration (Financial Statements) Order 2014.

Property, plant and equipment

Items of property, plant and equipment are stated at tax base cost less accumulated depreciation and impairment losses with the exception of commercial fit-out fixed assets which the lease incentive relates to. These commercial fit-out assets are stated at accounting base cost less accumulated depreciation as the lease incentive amount is recorded separately as a current liability which is amortised over the six year term of the lease.

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 same rate as allowed by the Income Tax Act 2007 with the exception of the commercial fit out assets as detailed above. The following rates have been used:

Office equipment 20.0 - 67.0% diminishing value
Furniture and fittings 0 - 25.0% diminishing value
Website 50.0% diminishing value
Commercial fit-out 10.0 - 13.0% diminishing value
Software 50.0% diminishing value

Statement of accounting policies

for the year ended 30 June 2015

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.

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

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 historical cost less amortisation.

Trade and other payables

Trade and other payables are stated at cost.

Comparatives

Certain comparative amounts have been reclassified to conform with the current year's presentation.

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. The financial statements have changed from being prepared on the basis of historical cost to tax values, with the exceptions noted above being the lease incentive and intangible assets. We note however that in all cases, excluding the exceptions, the historical cost equals the tax value and therefore this change in preparation basis does not constitute a change in policy or measurement basis with the transition to the preparation of special purpose financial statements.

Notes to the financial statements

1 Operating revenue	2015 \$	2014 \$
Scheme Participants' fees	1,435,547	1,344,131
Case fees	210,740	193,008
Workshop fees	32,100	9,500
Other revenue	9,340	6,613
Bad debts recovered	1,500	5,000
Total operating revenue	1,689,226	1,558,252

2 Administration	2015 \$	2014 \$
ACC Levy	1,740	1,618
Accounting	26,507	26,447
Annual general meeting expenses	2,157	1,635
Audit fees	9,595	9,595
Bad debts	1,224	1,134
Bank charges	3,450	2,797
Board expenses	11,770	19,014
Cleaning	5,311	5,827
Communications	3,988	1,705
Complaint costs	2,437	8,034
Computer expenses	32,542	26,213
Consulting fees	43,138	18,380
Consumer outreach	1,289	-
Directors fees	102,000	102,000
Entertainment - deductible	3,438	3,219
Entertainment - non-deductible	3,887	3,639
Fringe Benefit Tax	2,654	2,382
General expenses	8,884	7,469
Heat, light and power	5,233	4,883
Insurance	9,900	10,081
Legal	18,037	8,959
Low cost assets	1,039	618
Postage and Shipping	743	1,087
Printing and stationery	9,555	9,166
Promotions and Publications	21,621	35,246
Recruitment	5,280	13,304
Rent	113,689	112,802
Salaries	927,228	856,929
Seminar expenses	3,693	9,986
Subscriptions	6,725	7,766
Telecommunications	12,298	11,544
Training	15,319	15,194
Travelling	28,273	42,099
Workshop costs	20,763	4,161
	1,465,407	1,384,932

Notes to the financial statements

3 Finance	2015	2014
	\$	\$
Interest	17	-
	17	-
4 Non cash items	2015	2014
	\$	\$
Depreciation - Office equipment	10,783	10,718
Depreciation - Furniture and fittings	7,000	7,041
Depreciation - Website	7,082	696
Depreciation - Commercial fit-out	8,159	8,019
Depreciation - Software	32,438	11,905
	65,462	38,379
Amortisation of Internal Dispute Resolution Manual	4,863	5,000
	70,325	43,379
5 FSCL conference	2015	2014
	\$	\$
Conference Revenue	42,166	-
Conference Expenses	(41,019)	-
	1,147	-

Notes to the financial statements

6 Tax	2015 \$	2014 \$
Operating surplus	248,361	207,732
Adjustments for differences		
Timing differences		
Movement in accounting and audit fee accrual	2,300	(250)
Movement in holiday pay accrual	(2,973)	9,997
Movement in provision for doubtful debts	(1,500)	(5,000)
	(2,173)	4,747
Permanent differences		
Non assessable income derived from Scheme Participants	(1,435,547)	(1,344,131)
Non assessable portion of lease incentive	(12,000)	(12,000)
Non deductible expenses related to Scheme Participants	1,209,162	1,059,643
Non deductible entertainment	3,887	3,639
Non deductible depreciation	5,569	6,188
Non deductible amortisation	4,863	5,000
	(224,066)	(281,661)
Total adjustments	(226,239)	(276,914)
Surplus/(deficit) before losses brought forward	22,122	(69,182)
Losses brought forward	(176,906)	(107,724)
Taxable loss to carry forward	(154,784)	(176,906)
Prior year tax refund outstanding	(23,533)	-
Resident withholding tax paid	(26,374)	(23,533)
Income tax refund	(49,907)	(23,533)
Losses carried forward are made up of:		
Business losses	(154,784)	(176,906)
	(154,784)	(176,906)

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		2015 \$	2014 \$
	Quantity		
Share capital	100	-	-
Retained earnings		2,029,486	1,781,125
Equity		2,029,486	1,781,125

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		1,781,125	1,573,393
Net surplus		248,361	207,732
Balance at end of year		2,029,486	1,781,125

9 Cash and bank balances		2015 \$	2014 \$
Business Current Account		15,944	14,434
Office Current Account		981	5,312
Premium Call Account		159,315	196,892
Business First Oncall Account		48	87
		176,288	216,725

Notes to the financial statements

10 Accounts receivable	2015	2014
	\$	\$
Accounts receivable	21,262	25,855
Provision for doubtful debts	-	(1,500)
	21,262	24,355

11 Short term deposits	2015	2014
	\$	\$
ANZ Term Deposit - 1001	568,148	550,493
ANZ Term Deposit - 1002	78,527	76,302
ANZ Term Deposit - 1010	206,150	-
ANZ Term Deposit - 1011	163,125	-
ANZ Term Deposit - 1007	-	181,661
BNZ Term Deposit - 1001	635,399	616,823
	1,651,349	1,425,279

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 2015. Interest is earned at 4.60% per annum.

Term deposit 1002 is for a period of 365 days and is due to mature on 7 July 2015. Interest is earned at 4.30% per annum.

Term deposit 1007 was for a period of 365 days and matured on 8 April 2015.

Term deposit 1010 is for a period of 365 days and is due to mature on 29 October 2015. Interest is earned at 4.60% per annum.

Term deposit 1011 is for a period of 365 days and is due to mature on 26 January 2016. Interest is earned at 4.60% per annum.

The BNZ Term Deposit 001 is for a period of 365 days and is due to mature on 4 November 2015. Interest is earned at 4.50% per annum.

Notes to the financial statements

12 Property, plant and equipment

	Cost \$	Depreciation \$	Acc depn \$	Carrying value \$
Office equipment	85,626	10,783	66,173	19,453
Furniture and fittings	70,796	7,000	25,797	44,999
Website	88,859	7,082	14,669	74,190
Commercial fit-out	109,961	8,159	29,080	80,881
Software	90,467	32,438	56,651	33,816
Balance as at 30 June 2015	445,709	65,462	192,370	253,339

	Cost \$	Depreciation \$	Acc depn \$	Carrying value \$
Office equipment	81,639	10,718	55,390	26,249
Furniture and fittings	60,138	7,041	18,797	41,341
Website	8,284	696	7,587	697
Commercial fit-out	95,027	8,019	20,921	74,106
Software	82,347	11,905	24,213	58,134
Balance as at 30 June 2014	327,434	38,379	126,908	200,526

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

13 Intangible assets

	2015 \$	2014 \$
Internal Dispute Resolution Manual		
Net book value	-	4,859

In June 2010 the Company purchased full ownership of and all rights to the Internal Dispute Resolution Manual "How to Implement a Compliant Internal Dispute Resolution Process (IDR)" and "The Process to Follow When a Complaint is Received". The Manual has been amortised over a useful life of 5 years.

Notes to the financial statements

14 Lease Incentive	2015	2014
	\$	\$
Opening balance	38,203	50,203
Current year portion	(12,000)	(12,000)
	26,203	38,203

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 Operating lease commitments	2015	2014
	\$	\$
Lease commitments under non-cancellable operating leases are as follows:		
Current portion	122,507	125,689
Non current portion	153,134	282,800
	275,641	408,489

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.

16 Commitments and contingent liabilities

There are no known commitments or contingent liabilities at balance date. (2014: \$nil).

17 Related party transactions.

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

Bruce Cronin is the Trust manager of Bay of Plenty Community Trust Incorporated which is registered as a participant of the Company. Bruce Cronin ceased being Trust manager of Bay of Plenty Community Trust Incorporated on 12 December 2014.

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

Statement of property, plant and equipment

for the year ended 30 June 2015

	Date	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 - Trevor Slater			2,310	133				50.0D	66	2,244	67
Dell Inspiron Laptop			1,332	83				50.0D	42	1,291	41
Intel Core PC			2,413	177				50.0D	88	2,324	89
Intel Pentium PC			2,007	147				50.0D	73	1,933	74
Various Computer Accessories			1,053	99				50.0D	49	1,003	50
Olympus digital dictation recorders			1,118	116				50.0D	58	1,060	58
Computer Software			793	45				50.0D	23	771	22
MS Office and Security Software and Installation			680	47				50.0D	24	657	23
Case Management Software			25,685	1,539				50.0D	769	24,915	770
Computer equipment			4,013	587				50.0D	293	3,719	294
Kitchen equipment			1,405	568				30.0D	171	1,008	397
Water cooler			749	360				25.0D	90	479	270
Kitchen equipment			1,362	551				30.0D	165	976	386
NEC PABX System			10,257	5,800				20.0D	1,160	5,617	4,640
7 Humanscale M2 Monitor			1,925	532				40.0D	213	1,606	319
Arms - Clamp Mount											
HP Computer, LCD Display and Software			2,571	483				50.0D	241	2,329	242
2 x Telephones and Programming			315	182				20.0D	36	169	146
Samsung tablet - Susan Taylor			834	183				50.0D	91	742	92
Laptop			2,113	507				50.0D	254	1,860	253
HP 6300 Pro Computer			1,809	791				50.0D	396	1,414	395
Monitor Arm Clamp Mount			550	297				40.0D	119	372	178
PBX Card and phone			3,690	2,854				20.0D	571	1,407	2,283
HP 6300 Pro Computer			1,461	701				50.0D	350	1,110	351
HP ProDesk 600, Viewsonic 22" Monitor, Microsoft Office 2013 and Installation			2,015	1,347				50.0D	674	1,342	673
Nespresso Coffee Machine			534	455				30.0D	136	215	319
HP Pavilion Touchsmart Notebook			1,217	915				50.0D	457	759	458
Digital Voice Recorder			798	640				40.0D	256	414	384
HP Prodesk 600 DVD			1,928	1,767				50.0D	884	1,045	883
Wireless Headset			960	896				40.0D	358	422	538
Electronic Dictator			651	615				67.0D	412	448	203
PC and monitor			2,466	2,260				50.0D	1,130	1,336	1,130
Envy Laptop			625	573				50.0D	286	338	287
HP Prodesk computer	Mar 15		-	-	1,526			50.0D	255	255	1,271
Projector	Jul 14		-	-	795			25.0D	199	199	596
Television	Jan 15		-	-	721			40.0D	143	143	578
Wireless headset	Nov 14		-	-	945			40.0D	251	251	694
			81,639	26,249	3,987				10,783	66,173	19,453
Furniture and fittings											
Desk and Drawer Unit			497	288				13.0D	37	246	251
Utility room shelving			2,210	1,250				20.0D	250	1,210	1,000

This supplementary schedule does not form part of the financial statements

Statement of property, plant and equipment

for the year ended 30 June 2015

	Date	Private use	Original Cost	Opening WDV	Additions/ (sales)	Profit/(loss) on sale	Capital Gain/(loss)	Depn method	Depn	Accum Depn	Closing WDV
8 Steelcase Thick Chair - Black Base, Fixed Arms			6,392	4,090				16.0D	654	2,956	3,436
Office furniture for L4 Sybase House			32,420	21,055				16.0D	3,369	14,734	17,686
Office furniture for L4 Sybase House			3,873	2,516				16.0D	403	1,760	2,113
Prints for office			4,564	2,824				20.0D	565	2,305	2,259
Artwork for office			2,600	2,600				E	-	-	2,600
Furniture for L4 Sybase House			4,716	3,970				13.0D	516	1,262	3,454
Artwork for foyer			1,957	1,957				E	-	-	1,957
Bar stools	Jan 15		-	-	2,040			16.0D	162	162	1,878
Barleaner	Dec 14		-	-	2,999			16.0D	279	279	2,720
Coffee machine	Jun 15		-	-	522			25.0D	11	11	511
Desk components	Jan 15		-	-	2,072			16.0D	164	164	1,908
Kitchen cupboards	Dec 14		-	-	1,009			10.0D	59	59	950
Refrigerator	Nov 14		-	-	904			25.0D	150	150	754
Rollerblinds	Jul 14		-	-	1,112			25.0D	278	278	834
Desks			909	791				13.0D	103	221	688
			60,138	41,341	10,658				7,000	25,797	44,999
Website											
Website development			7,484	626				50.0D	313	7,171	313
Website Development			800	71				50.0D	36	765	35
Website re-development	May 15		-	-	80,576			50.0D	6,733	6,733	73,843
			8,284	697	80,576				7,082	14,669	74,190
Commercial fit-out											
Design and project management of fit-out of L4 Sybase House			20,595	15,710				10.0D	1,571	6,456	14,139
Design for fit-out of L4 Sybase House			1,175	905				10.0D	90	360	815
Fit-out of of L4 Sybase House			69,959	54,329				10.0D	5,433	21,063	48,896
Refurbishment of L4 Sybase House Foyer			3,297	3,161				10.0D	316	452	2,845
FSCL meeting room	Jan 15		-	-	14,339			10.0D	711	711	13,628
Sky reciever	Jan 15		-	-	595			13.0D	38	38	557
			95,027	74,106	14,934				8,159	29,080	80,881
Software											
Membership database			26,900	7,296				50.0D	3,648	23,252	3,648
Upgrade of website and Partpant/FSP Data Management System			54,867	50,282				50.0D	25,141	29,726	25,141
Upgrade of invoice functionality			580	556				50.0D	278	302	278
Documentation of membership database and ASENZ website search	Sep 14		-	-	7,540			50.0D	3,130	3,130	4,410
Update of reporting function and 2 additional special reports	Sep 14		-	-	580			50.0D	241	241	339
			82,347	58,134	8,120				32,438	56,651	33,816
Total			327,434	200,526	118,275				65,462	192,370	253,339

This supplementary schedule does not form part of the financial statements