

Utilities Disputes Limited
Financial Statements for the year ended 31 March 2023
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Directory**

Board

Honourable Heather Roy (Chairperson)
Dr Brian McCulloch
Ruth Smithers
Mark Gatland
Kyle Christensen

Registered office

DLA Piper New Zealand
50 Customhouse Quay
Wellington Central
Wellington 6011

Nature of business

Dispute Resolution and related services

Independent auditor

Moore Markhams
Level 11, 34-42 Manners Street,
Wellington 6142

Statement of service Performance

Tautohetohe Whaipainga | Utilities Disputes Limited (UDL)

This report has been prepared in accordance with PBE FRS 48 Service Performance Reporting.

The Board of UDL believes that the statements contained in this report accurately reflect the overall performance of UDL for the year ended 31 March 2023.

Who is UDL?

UDL is a not-for-profit dispute resolution service provider. It provides prompt, fair, and independent resolution of complaints and disputes between consumers and their utilities companies when they are unable to be resolved between the parties.

It has been receiving complaints since 2001 and is free to consumers. It is funded by membership and complaint levies paid by providers.

UDL currently operates three dispute resolution schemes:

- the Government approved Electricity and Gas Complaints Scheme
- the Government approved Broadband Shared Property Access Disputes Scheme, and
- a voluntary Water Complaints Scheme.

The Government schemes must be independently reviewed regularly. A review of the Electricity and Gas Complaints Scheme commenced in 2022 and will be completed in 2023.

Governance

UDL is governed by an independent Board consisting of a chairperson and four directors.

Each of the schemes has an advisory committee made up of industry and consumer representatives that meet quarterly to provide advice to the Board.

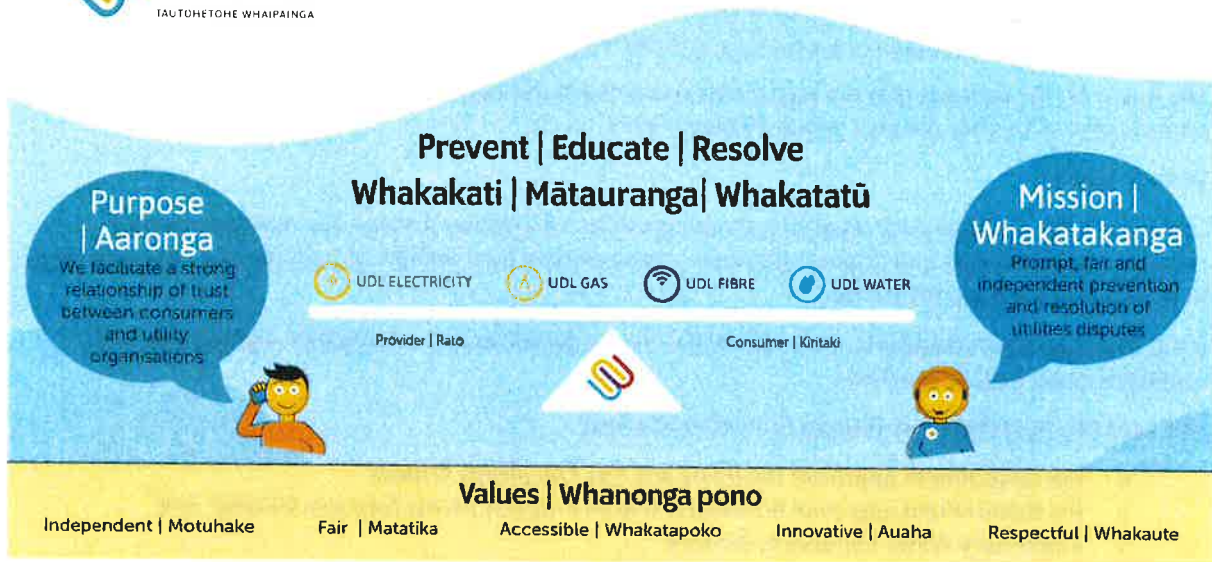
What UDL does

Our members at end of year

Energy members 368 BSPAD members 3 Water members 3

UDL aims is to facilitate a strong relationship of trust between consumers and utilities organisations. To achieve this, UDL focuses on three key aspects of effective complaints resolution: Prevent, Educate and Resolve.





UDL operates under the Australian Benchmarks for industry-based dispute resolution schemes. These principles were adopted and are reflected in UDL’s original constitution, subsequent governance documents, and relevant legislation.

The six principles are:

accessibility	independence	fairness
accountability	efficiency	effectiveness

UDL also measures itself against the Government Centre for Dispute Resolution framework for handling complaints which includes consideration of the principles of the Treaty of Waitangi.

UDL’s strategic goals

UDL strategic goals include:

- continuously improving our core business to achieve quality operational outcomes
- engaging with all our stakeholders to remain connected
- improving our research and insight’s function
- expanding the service we offer to communities of Aotearoa New Zealand to ensure there are no consumer gaps.
- adopting and incorporating Te Ao Māori values, tikanga and the principles of the Treaty of Waitangi into our work
- building awareness and trust by being widely recognised and accessible in the community.

To meet our broader strategic goals we increased our social media activity to increase public awareness of UDL and its services. We held webinars, issued community newsletters, met with over 90 social organisations, held a forum for our members, improved our internal systems with a new CRM and telephony system, trained staff in tikanga dispute resolution, and commissioned a 5-year data roadmap. We completed other projects such as introducing new KPIs and performance standards for operational staff and continuing improvements in our processes.

Assisted by our Māori Cultural Advisor our Te Ao Māori capability building has continued as we work to identify and remove barriers for Māori accessing our services. Our cultural competency work extends to the Pasifika community and other ethnic communities in Aotearoa New Zealand.

Our people

The UDL team of 31 staff consists of:

Operational and data (20) Senior leadership team (4)

Other (7) includes communications, community engagement, financial, office management, new business, and executive assistance.

Environmental

UDL is in the second year of its journey towards realising efficiencies, reducing our carbon footprint, and becoming more sustainable.

The role of a modern industry dispute resolution service in achieving our goals

Our work is no longer just resolving complaints. Over time our functions have increased to include assisting consumers, aggregating data to identify trends, providing information to stakeholders to support the maintenance of a level and fair market and improving sector behaviour.

Consumer protection is a core responsibility: *Where complainants do not have access to 'efficient, effective and inexpensive means of dispute resolution', exacerbated by a low awareness among consumers of their rights, this should be seen as indicative of a malfunctioning market and of a significant imbalance between the rights and obligations of consumers and service providers.*

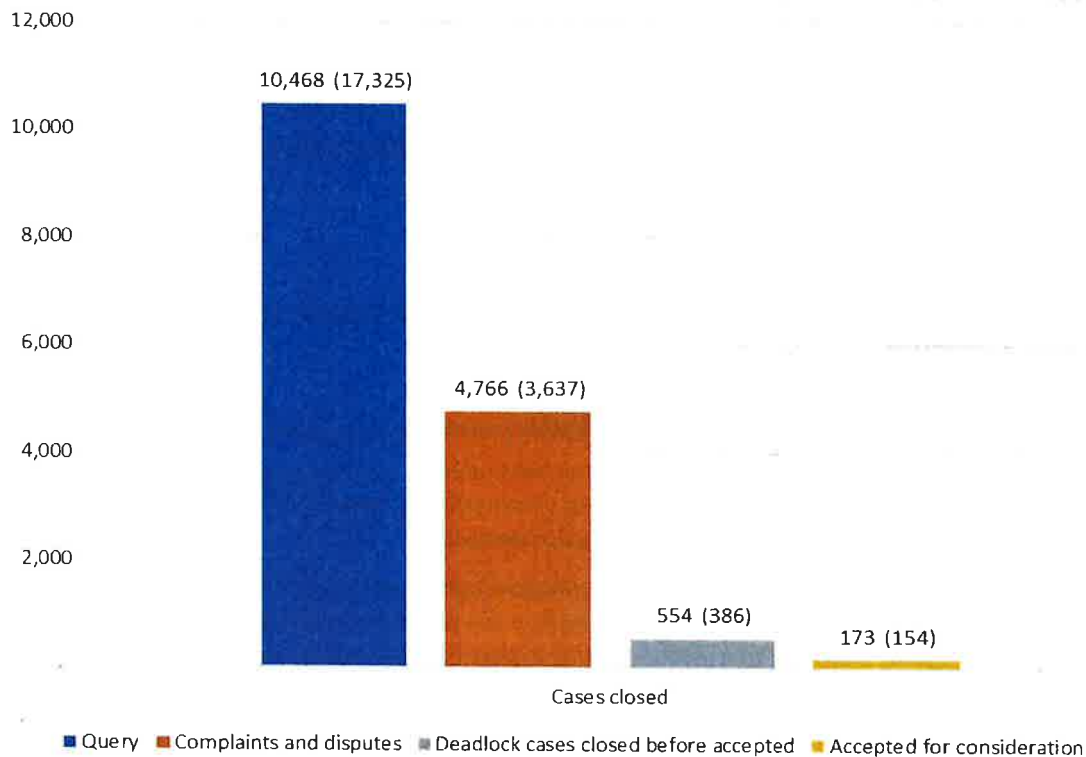
The availability to household customers of effective means to address their complaints and to have access to efficient, effective and inexpensive means of dispute resolution is a vital and incontrovertible characteristic of a functioning energy market¹

What we did during the year (figures in brackets refer to previous year)

During the year we received 15,177 (17,409) total cases across all our complaints schemes made up of 10,444 (13,690) enquiries and 4,733 (3,719) complaints.

Total cases include 859 (1,053) out of jurisdiction cases. We monitor those cases that are out of jurisdiction to ensure that the rules for our various schemes remain fit for purpose and to monitor any consumer gaps.

¹



Our energy complaints scheme is our largest scheme and represents 93% of enquiries and complaints received.

Breakdown of accepted cases		
Energy	80%	131 (141)
BSPAD	19%	31 (25)
Water	<1%	2 (1)

Energy Complaints Scheme (figures in brackets refer to previous year)

During the year the Energy Scheme received 9,665 (12,621) enquiries, 4,468 (3,513) complaints, 602 (460) deadlocked complaints, and 131 (141) cases accepted for consideration.

We closed 142 (125) accepted energy complaints during the year. On average energy complaints took 70.3 (43.4) working days to close from date accepted to date closed.²

Broadband Shared Property Access Disputes Scheme (BSPAD)

During the year UDL accepted 31 (25) BSPAD disputes for consideration out of a total of 81 (96) received. UDL also received 58 (96) enquiries for the BSPAD scheme.

We closed 31 (28) accepted BSPAD disputes during the reporting year. On average, BSPAD disputes took 49.5 (37.8) working days to close from date accepted to date closed.³

² Time taken to close is calculated by the date accepted to the date closed excluding periods of suspension as per UDL's agreed suspension policy.

³ Time taken to close is calculated by the date accepted to the date closed excluding periods of suspension as per UDL's agreed suspension policy.

Water Complaints Scheme

This year for water we received 7 (13) enquiries, 29 (17) complaints, 3 (1) deadlocked complaints, and 2 (1) cases were accepted for consideration.

UDL's performance standards

Table 1 – UDL's performance against standards set for 2022-23(figures in brackets refer to previous year)

Scheme requirement	Performance standard	Performance
A. Complainant satisfaction	Goal reaching an average over 4 out of 5	Met - 4.44 (3.78)
B. Provider satisfaction	Goal reaching an average over 4 out of 5	Met – 4.49 (3.76)
C. Awareness and accessibility	20% unprompted recognition in general awareness survey	Not conducted. See comments below.
D. Compliance reporting – complete, accurate and on time	Compliance reporting for the Energy Scheme is complete, accurate and on time. We are scheduled to complete the self-review exercise after the implementation of the new CRM	Met
E. External review of cases	Assess complaint handling as meeting requirements of natural justice and good complaint handling	Not conducted. Reviews were commenced however and will be reported on next year.

The table also includes the average days to close a case. UDL has an internal KPI of closing 90% of cases within 180 working days, and this was met, with 92.0% of cases closed in that timeframe.

Table 2 - Time to close cases over last five years

	2018-19 combined Schemes	2019-20 combined Schemes	2020-21 combined Schemes	2021-22 combined Schemes	2022-23 combined Schemes
Average days to close	46.6	48.6	36.6	42.4	66.5
45% closed in under 30 working days	49.8%	52.4%	57.3%	50.6%	42.0%
75% closed in under 90 working days	86.2%	86.0%	93.1%	90.3%	74.1%
90% closed in under 180 working days	98.8%	93.8%	98.4%	99.4%	92.0%

While the time taken to close accepted cases is higher than last year we are aware that accepted cases are at the high end of difficulty given most of our cases are now resolved prior to acceptance due to a reorganisation of our early resolution processes.

Measuring complainant and provider satisfaction

A. Complainant satisfaction

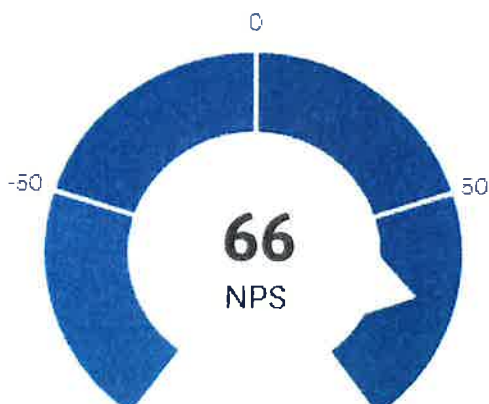
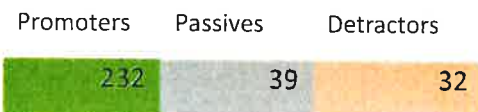
Our feedback surveys were introduced in 2021. We survey complainants for different parts of our process which can be broadly divided into early resolution and conciliation work. The surveys include questions around ease of use, respect, understanding, and timeliness.

Our overall complainant satisfaction scored an average of 4.48 out of 5. Our complainant satisfaction for the early resolution part of the process scored an average of 4.54 out of 5. Our complainant satisfaction for the conciliation part of the process scored an average of 4.09 out of 5.

B. Provider satisfaction

Provider satisfaction is monitored in the same way as complainant satisfaction. We survey providers at the point where a complaint concluded throughout our process. Over the year our provider satisfaction scored an average of 4.44 out of 5.

Our net promoter score (NPS) is 66 across all complainants and providers:



Net Promoter Score Analysis



Utilities Disputes Limited
Statement of Comprehensive Revenue and Expenses
For the year ended 31 March 2023

	Notes	2023 \$	2022 \$
Revenue from non-exchange transactions			
Market share based levy		4,543,033	4,282,055
Case based levy		209,000	269,776
		4,752,033	4,551,831
Revenue from exchange transactions			
Interest income		97,736	22,403
Sundry income		9	6,266
		97,745	28,669
Total revenue		4,849,778	4,580,500
Expenses			
ACC Levy		3,917	3,960
Accommodation and travel		41,100	21,995
Advisory Committee Fees and Expenses		10,385	3,467
Auditors Fees		12,525	10,502
Bank Fees		313	307
Board Expenses		21,876	22,067
Board member Fees		185,750	175,213
Case Expenses		1,476	1,845
Communications		173,476	116,338
Computer Support		183,433	154,036
Depreciation and Amortisation		107,936	71,727
Entertainment		23,824	17,825
General Expenses		2,537	3,194
Insurance		21,300	19,548
Library Expenses		3,754	7,695
Office Equipment		1,298	813
Payroll Expenses		3,029	2,497
Premises Expenses		214,737	280,246
Printing Postage and Stationery		10,927	14,966
Professional Advice		161,190	144,178
Recruitment		8,795	36,396
Salaries and wages		3,120,602	2,809,710
Staff Expenses		1,429	7,626
Telecommunications		47,742	20,096
Training and Development		118,672	82,407
Total expenses		4,474,189	4,028,654
Total surplus/(deficit) for the period		375,589	551,846

These financial statements should be read in conjunction with the notes to the financial statements.



Taxation Expense	16	27,366	6,273
Total surplus/(deficit) for the period after tax		<u>348,223</u>	<u>545,573</u>
Other comprehensive revenue and expenses		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
Total comprehensive revenue and expense		<u>348,223</u>	<u>545,573</u>

These financial statements should be read in conjunction with the notes to the financial statements.



Utilities Disputes Limited
Statement of Changes in Net Assets
For the year ended 31 March 2023

	Retained Surplus	Reserves	Total equity
Notes	\$	\$	\$
Opening balance 1 April 2022	1,766,301	900,000	2,666,301
Surplus/(Deficit) for the year	348,223	-	348,223
Transfers to/(from) reserves	-	-	-
Closing equity 31 March 2023	17 2,114,524	900,000	3,014,524
Opening balance 1 April 2021	1,670,728	450,000	2,120,728
Surplus/(Deficit) for the year	545,573	-	545,573
Transfers to/(from) reserves	-	450,000	-
Closing equity 31 March 2022	17 1,766,301	900,000	2,666,301

These financial statements should be read in conjunction with the notes to the financial statements.

Utilities Disputes Limited
Statement of Financial Position
As at 31 March 2023

	Notes	2023 \$	2022 \$
Current assets			
Cash and cash equivalents	8	1,044,843	2,728,019
Receivables from exchange transactions	9	14,696	11,334
Receivables from non-exchange transactions	9	79,794	36,373
Term Deposits		2,000,000	-
Wages paid in advance		-	10,585
Prepayments		15,993	18,267
Total current		3,155,326	2,804,578
Non-current assets			
Property plant and equipment	10	167,064	185,251
Intangibles	11	340,455	105,368
Total non-current		507,519	290,619
Total assets		3,662,845	3,095,197
Current liabilities			
Trade and other creditors	12	453,870	257,302
Revenue in advance		7,500	-
Tax payable	16	898	9
Employee entitlements		186,053	171,585
Total Current		648,321	428,896
Total net assets		3,014,524	2,666,301
Net assets			
Retained surplus		2,114,524	1,766,301
Reserves		900,000	900,000
Total net assets		3,014,524	2,666,301

Signed for and on behalf of the Board who authorised these financial statements for issue on 27 June 2023

Chair

Commissioner

These financial statements should be read in conjunction with the notes to the financial statements.



Utilities Disputes Limited
Statement of Cash Flows
As at 31 March 2023

	2023	2022
	\$	\$
Cash flow from operating activities		
<u>Receipts</u>		
Receipts from non-exchange transactions	4,756,610	4,551,263
Receipts from exchange transactions	9	33,905
Taxation refund received	-	13,504
<u>Payments</u>		
Payments to suppliers	- 1,014,697 -	1,295,977
Payment to employees	- 3,151,550 -	2,601,715
Net GST	- 17,232 -	7,510
Taxation paid	- 26,477 -	10,773
Net cash flows from operating activities	546,663	682,697
Cash flows from investing activities		
<u>Receipts</u>		
Interest received	94,997	22,403
Withdrawal of short term investments	5,000,000	4,000,000
<u>Payments</u>		
Purchase of property, plant and equipment	- 51,746 -	229,901
Investments in short term deposits	- 7,000,000 -	4,000,000
Payments to acquire intangibles	- 273,090	-
Net cash flows from investing activities	- 2,229,839 -	207,498
Net increase/(decrease) in cash and cash equivalents	- 1,683,176	475,199
Cash and cash equivalents at 1 April	2,728,019	2,252,820
Cash and cash equivalents at 31 March	1,044,843	2,728,019

These financial statements should be read in conjunction with the notes to the financial statements.



Utilities Disputes Limited
Notes to the Financial Statements
For the year ended 31 March 2023

1. Reporting entity

The reporting entity is Utilities Disputes Limited (the “Utilities Disputes”). Utilities Disputes is domiciled in New Zealand and is a not for profit limited liability company.

These financial statements comprise the financial statements of Utilities Disputes for the year ended 31 March 2023. The comparative period relates to the year ended 31 March 2022.

The financial statements were authorised for issue by the Board on the 27 June 2023.

2. Statement of compliance

The financial statements 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, Utilities Disputes 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. This decision results in Utilities Disputes not preparing a Statement of Service Performance for both reporting periods.

3. Changes in accounting policy

There have been no changes in accounting policy during the year ended 31 March 2023.

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

4.2. Functional and presentational currency

The financial statements are presented in New Zealand dollars (\$), which is Utilities Disputes functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

4.3. Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to Utilities Disputes and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

- (1) Revenue from non-exchange transactions



Levy revenue

Levy revenue is recognised in the levy year in which it relates, even when levies are calculated by reference to cases in a different period.

(2) Revenue from exchange transactions

Interest revenue

Interest revenue is recognised as it accrues, using the effective interest method.

4.4. Financial instruments

Utilities Disputes Limited has elected to apply PBE IPSAS 41 Financial Instruments.

Utilities Disputes Limited's financial assets comprise cash and cash equivalents, receivables from exchange transactions and non-exchange transactions, and term deposits. All these financial assets are initially recognised at fair value and subsequently measured at amortised costs, using the effective interest method.

The Utilities Disputes Limited's financial liabilities comprise trade and other creditors (excluding GST and PAYE), and employee entitlements. Financial liabilities are subsequently measured at amortised costs using the effective interest method. Interest expenses and any gain or loss on derecognition are recognised in surplus or deficit.

4.5. 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.

4.6. Short term investments

Short term investments comprise term deposits which have a term of greater than three months and therefore do not fall into the category of cash and cash equivalents.

4.7. 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. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

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 or valuation of the asset less any estimated residual value over its remaining useful life:

- | | | |
|--------------------------|-----------|---------|
| • Office Equipment | 9% - 100% | DV & SL |
| • Leasehold improvements | 10% - 33% | DV & SL |
| • Computer Equipment | 33% - 60% | DV & SL |
| • Computer database | 33% - 48% | SL |
| • Motor vehicle | 36% | DV |

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.

4.8. Intangibles

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised. The amortisation charge for each year is recognised in the surplus or deficit.

The useful life and associated amortisation rate of intangible assets have been estimated at between 2.5 and 5 years (20% - 40%).

4.9. 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.

4.10 Significant judgements and estimates

Utilities Disputes have not made any significant assumptions or estimates in preparing these financial statements.

5. Employee Entitlements

Short-term employee benefits

Employee benefits, previously earned from past services, that the entity expect to be settled within 12 months of reporting date are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date.

Termination benefits

Termination benefits are recognised as an expense when the entity is committed without realistic possibility of withdrawal, to terminate employment, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the entity has made a voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

6. Income tax

Utilities Disputes is a Not for Profit company hence only taxed on income from outside the circle of membership. As such, Utilities Disputes is taxed only on interest received and deferred tax is not applicable.

7. Goods and Services Tax (GST)

Utilities Disputes is registered for GST. Therefore all amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

8. Cash and cash equivalents

Cash and cash equivalents include the following components:

	2023	2022
	\$	\$
Cash at bank	1,044,843	2,728,019
Total cash and cash equivalents	1,044,843	2,728,019

9. Receivables

(1) Receivables from exchange transactions

	2023	2022
	\$	\$
Accounts Receivable	39,696	36,334
Provision for Bad Debt	-	25,000
	14,696	11,334

(2) Receivables from non-exchange transactions

	2023	2022
	\$	\$
Accrued Receivables	2,740	
GST Refund Due	77,054	36,373
Income Tax Due for Refund/(Payment)	-	-
	79,794	36,373

10. Property plant and equipment

2023	Leasehold improvements	Office furniture and equipment	Motor Vehicles	Computer equipment	Total
	\$	\$	\$	\$	\$
Cost	123,694	188,120	38,243	181,224	531,281
Accumulated depreciation	69,169	159,467	2,295	133,286	364,217
Net book value	54,525	28,653	35,948	47,938	167,064

2022	Leasehold improvements	Office furniture and equipment	Motor Vehicles	Computer equipment	Total
	\$	\$	\$	\$	\$
Cost	123,694	183,331	-	172,510	479,535
Accumulated depreciation	56,163	136,129	-	101,992	294,284
Net book value	67,531	47,202	-	70,518	185,251

The 2022 cost and accumulated depreciation for property, plant and equipment have been updated in the financial statements to agree with the fixed asset register. These adjustments have no effect on the closing book value.

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

2023	Leasehold improvements	Office furniture and equipment	Motor Vehicles	Computer equipment	Total
	\$	\$	\$	\$	\$
Opening balance	67,531	47,202	-	70,518	185,251
Additions		4,789	38,243	8,714	51,746
Disposals					-
Reclassifications					
Depreciation	13,006	23,338	2,295	31,294	69,933
	54,525	28,653	35,948	47,938	167,064

11. Intangibles

2023	Computer database
	\$
Cost	666,471
Accumulated amortisation	326,016
Net book value	340,455

2022	Computer database
	\$
Cost	393,381
Accumulated amortisation	288,013
Net book value	105,368

The 2022 cost and accumulated amortisation for the computer database was \$17,145 lower than the actual cost & accumulated amortisation. These have been adjusted in the 2021/22 year. The adjustment has no effect on the closing net book value.



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

2023	Computer database
	\$
Opening balance	105,368
Additions	273,090
Disposals	-
Reclassifications	-
Amortisation	38,003
	<u>340,455</u>

12. Trade and other creditors

	2023	2022
	\$	\$
Accounts Payable	352,068	162,309
Accruals	101,802	94,993
	<u>453,870</u>	<u>257,302</u>

13. Related party transactions

There have been no material related party transactions during the year. (2022: \$Nil)

13.1 Key Management Personnel

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the members of the governing body and the senior management team. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

	2023	2022
	\$	\$
Total remuneration	1,058,084	949,341
Number of persons (FTE)	5	5

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

There has been no remuneration and compensation provided to close family members of key management personnel during the year. (2022: \$Nil)

14. Leases

As at the reporting date, the Board has entered into the following operating lease commitments:

	2023	2022
	\$	\$
No later than one year	142,351	158,076
Later than one year and no later than five years	560,325	567,111
Later than five years	-	133,073
	<u>702,676</u>	<u>858,260</u>

Building rent and 2 carparks are leased from Fabric Property Ltd.

The current building lease has been signed by both parties and will expire in March 2028. There are 2 further rights of renewal of 3 years each on the lease.

A lease for the photocopier is held with Canon. The lease expires in March 2026. At that stage there is the ability to replace the photocopier and start a new lease for the new replacement photocopier.

15. 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 and liabilities:

	2023	2022
	\$	\$
Financial assets		
<i>At amortised cost</i>		
Cash and cash equivalents	1,044,843	2,728,019
Receivables from exchange transactions	14,696	11,334
Receivables from non-exchange transactions	79,794	36,373
Term deposits	2,000,000	-
	<u>3,139,333</u>	<u>2,775,726</u>
Financial liabilities		
<i>At amortised cost</i>		
Trade and other creditors	453,870	257,302
Employee entitlements	186,053	171,585
	<u>639,923</u>	<u>428,887</u>

16. Tax Reconciliation	2023	2022
	\$	\$
Taxable Income - Interest income	97,736	22,403
Less expenses		
Taxable income	<u>97,736</u>	<u>22,403</u>
Income tax as per company rate of 28%	27,366	6,273
Withholding tax paid during 2021/22 year		-6,264
Withholding tax paid during 2022/23 year	-26,468	
Provisional tax paid for 2021/2022 year		
Provisional tax paid for 2022/23 year		
	<u>898</u>	<u>9</u>

17. Equity and Reserves

	2023	2022
	\$	\$
Capital Reserve	200,000	300,000
Legal Reserve	250,000	300,000
Technology and Cyber Security Reserve	<u>450,000</u>	<u>300,000</u>
	900,000	900,000
Retained Surpluses	<u>2,114,524</u>	<u>1,766,301</u>
Closing Equity	<u>3,014,524</u>	<u>2,666,301</u>

A Capital Reserve has been created to ensure that all capital items can be replaced as required and any new approved capital items can be purchased immediately without having to raise any further levies.

The Legal Reserve has been created to cover fees relating to matters such as legal advice required to operate our schemes, enforcing a determination and defending any legal challenge to a determination.

A Technology and Cyber Security Reserve has been created to ensure that funding is available for the work being undertaken on the upgrading or replacement of some of the systems that UDL uses in its business. These systems include the CRM system, Website, Data management and Telephony system. The fund is also intended to cover costs associated with a cyber-attack on the organisations IT systems.

18. Capital commitments

There are no capital commitments as at the reporting date. (2022 \$Nil)

19. Contingent assets and liabilities

There are no contingent assets or liabilities at the reporting date. (2022: \$Nil).

20. Events after the reporting date

The Board and management are not aware of any other matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements that have significantly or may significantly affect the operations of Utilities Disputes Limited. (2022 \$Nil).

21. COVID-19

The Board will continue to monitor the impact of COVID-19 on the Entity but at the date of signing this report the Board does not believe the entity has been or will be adversely financially affected by the pandemic.

The Board maintain the view that the Entity has sufficient resources that it will continue to operate as a going concern.

Independent auditor's report

To the Members of Utilities Disputes Limited

Opinion

We have audited the general-purpose financial report of Utilities Disputes Limited which comprises the financial statements on pages 10 to 20 and the service performance information on pages 3 to 9. The complete set of financial statements comprises the Statement of Financial Position as at 31 March 2023, the Statement of Comprehensive Revenue and Expense, the Statement of Changes in Net Assets, the Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying general purpose financial report presents fairly, in all material respects:

- the financial position of Utilities Disputes Limited as at 31 March 2023, and (of) its financial performance,
- and its cash flows for the year then ended; and
- the service performance for the year ended 31 March 2023 in accordance with the entity's service performance criteria

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the service performance information in accordance with the ISAs and New Zealand Auditing Standard (NZ AS) 1 *The Audit of Service Performance Information* (NZ). Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the general purpose financial report section of our report.

We are independent of Utilities Disputes Limited 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 our capacity as auditor we have no relationship with, or interests in, Utilities Disputes Limited.

Responsibilities of the Board for the General-Purpose Financial Report

The Board are responsible on behalf of Utilities Disputes Limited for:

- a) the financial statements and service performance information in accordance with Public Benefit Entity Standards issued by the New Zealand Accounting Standards Board;
- b) service performance criteria that are suitable in order to prepare service performance information in accordance with Public Benefit Entity Standards; and
- c) such internal control as the Board determines is necessary to enable the preparation of the general-purpose financial report and service performance information that are free from material misstatement, whether due to fraud or error.

In preparing the general-purpose financial report, the Board are responsible for assessing Utilities Disputes Limited's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the entity or to cease operations or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the General-Purpose Financial Report

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole and the service performance information 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 this general-purpose financial report.

A further description of the auditor's responsibilities for the audit of the general-purpose financial report is located at the XRB's website at

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-14/>

This report is made solely to the members of Utilities Disputes Limited. Our audit has been undertaken so that we might state to the members those matters we are required to state to them in an auditors' 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 members, for our audit work, for this report, or for the opinions we have formed.

Moore Markhams

Moore Markhams Wellington Audit | Qualified Auditors, Wellington, New Zealand
27 June 2023