

**Utilities Disputes Limited**  
**Financial Statements for the year ended 31 March 2019**  
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Directory**

**Board**

Honourable Heather Roy (Chairperson)  
Dr Brian McCulloch  
Major Campbell Roberts  
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**

Baker Tilly Staples Rodway Audit Limited  
Level 6, 95 Customhouse Quay,  
Wellington 6140



**Utilities Disputes Limited**  
**Statement of Comprehensive Revenue and Expenses**  
**For the year ended 31 March 2019**

	Notes	2019 \$	2018 \$
<b>Revenue from non-exchange transactions</b>			
Market share based levy		3,703,385	3,523,773
Case based levy		202,222	298,000
		<u>3,905,607</u>	<u>3,821,773</u>
<b>Revenue from exchange transactions</b>			
Interest income		48,064	31,721
Sundry income		2,870	17,431
		<u>50,934</u>	<u>49,152</u>
<b>Total revenue</b>		<u>3,956,541</u>	<u>3,870,925</u>
<b>Expenses</b>			
ACC Levy		4,820	3,575
Accommodation and travel		39,556	46,534
Auditors Fees		12,000	8,000
Bank Fees		833	1,007
Board Expenses		19,691	23,474
Board member Fees		131,282	111,085
Case Expenses		8,390	18,419
Communications		47,051	56,102
Computer Support		133,255	108,338
Constitutional Issues		19,558	-
Depreciation		107,847	118,281
Entertainment		9,926	8,334
General Expenses		9,536	7,086
Insurance		20,071	16,974
Library Expenses		4,329	8,039
Loss on Disposal of Fixed Assets		10,719	
Office Equipment		2,073	1,366
Payroll Expenses		2,256	3,082
Premises Expenses		265,429	256,493
Printing Postage and Stationery		22,017	20,601
Professional Advice		216,532	113,657
Recruitment		49,936	25,954
Salaries and wages		2,500,708	2,418,351
Staff Expenses		3,031	7,080
Telecommunications		39,144	38,040
Training and Development		99,813	113,875
<b>Total expenses</b>		<u>3,779,803</u>	<u>3,533,747</u>
<b>Total surplus/(deficit) for the period</b>		<u>176,738</u>	<u>337,178</u>

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



Taxation Expense	12,502	9,077
<b>Total surplus/(deficit) for the period after tax</b>	<b>164,236</b>	<b>328,101</b>
<b>Other comprehensive revenue and expenses</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive revenue and expense</b>	<b>164,236</b>	<b>328,101</b>

*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 2019**

	<b>Retained Surplus</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>
Opening balance 1 April 2018	931,833	931,833
Surplus/(Deficit) for the year	164,236	164,236
Other comprehensive income		
Transfers		
<b>Closing equity 31 March 2019</b>	<u>1,096,069</u>	<u>1,096,069</u>
Opening balance 1 April 2017	603,732	603,732
Surplus/(Deficit) for the year	328,101	328,101
Other comprehensive income	-	-
<b>Closing equity 31 March 2018</b>	<u>931,833</u>	<u>931,833</u>

*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 2019**

	Notes	2019 \$	2018 \$
<b>Current assets</b>			
Cash and cash equivalents	8	516,238	483,607
Investments	9	500,000	300,000
Receivables from exchange transactions	10	31,079	4,647
Receivables from non-exchange transactions	10	37,182	27,893
Prepayments		40,483	28,312
<b>Total current</b>		<u>1,124,982</u>	<u>844,459</u>
<b>Non-current assets</b>			
Property plant and equipment	11	258,013	319,845
<b>Total non-current</b>		<u>258,013</u>	<u>319,845</u>
<b>Total assets</b>		<u>1,382,995</u>	<u>1,164,304</u>
<b>Current liabilities</b>			
Trade and other creditors	12	187,267	144,316
Employee entitlements		99,659	88,155
<b>Total Current</b>		<u>286,926</u>	<u>232,471</u>
<b>Total net assets</b>		<u>1,096,069</u>	<u>931,833</u>
<b>Net assets</b>			
Retained surplus		1,096,069	931,833
<b>Total net assets</b>		<u>1,096,069</u>	<u>931,833</u>

Signed for and on behalf of the Board who authorised these financial statements for issue on 4 July 2019:

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 2019**

	2019	2018
	\$	\$
<b>Cash flow from operating activities</b>		
<u>Receipts</u>		
Receipts from non-exchange transactions	3,905,626	3,822,054
Receipts from exchange transactions	4,061	32,130
<u>Payments</u>		
Payments to suppliers	- 1,137,150 -	1,038,527
Payment to employees	- 2,489,204 -	2,440,159
Interest paid		
Net GST	- 9,289 -	4,316
Taxation paid	- 4,824 -	741
<b>Net cash flows from operating activities</b>	269,220	370,441
<b>Cash flows from investing activities</b>		
<u>Receipts</u>		
Sale of property plant and equipment		
Transfer of assets from EGCC to UDL		
Interest received	46,651	33,161
Withdrawal of short term investments	3,300,000	3,050,000
<u>Payments</u>		
Purchase of property, plant and equipment	- 83,240 -	91,148
Investments in short term deposits	- 3,500,000 -	3,250,000
Purchase of investments		
<b>Net cash flows from investing activities</b>	- 236,589 -	257,987
Net increase/(decrease) in cash and cash equivalents	32,631	112,454
Cash and cash equivalents at 1 April	483,607	371,153
<b>Cash and cash equivalents at 31 March</b>	516,238	483,607

*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 2019**

**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 2019. The comparative period relates to the year ended 31 March 2018.

The financial statements were authorised for issue by the Board on the 4 July 2019.

**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 2019.

**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**

Financial assets and financial liabilities are recognised when Utilities Disputes becomes a party to the contractual provisions of the financial instrument.

Utilities Disputes derecognises a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or Utilities Disputes has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- Utilities Disputes has transferred substantially all the risks and rewards of the asset; or
- Utilities Disputes has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. Utilities Disputes cash and cash equivalents, receivables from exchange transactions and receivables from non-exchange transactions fall into this category of financial instruments.

Financial liabilities

Utilities Disputes financial liabilities include trade and other creditors, and employee entitlements. All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

**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%              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. 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.

#### **4.9. 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:

	2019	2018
	\$	\$
Cash at bank	516,238	483,607
Total cash and cash equivalents	516,238	483,607

## 9. Investments

	2019	2018
	\$	\$
ANZ Term Deposit	500,000	300,000
	500,000	300,000

## 10. Receivables

(1) Receivables from exchange transactions

	2019	2018
	\$	\$
Accrued Receivables	1,699	286
Accounts Receivable	29,380	4,361
	31,079	4,647

(2) Receivables from non-exchange transactions

	2019	2018
	\$	\$
Accounts Receivable		
GST Refund Due	37,182	27,893
Income Tax Due for Refund/(Payment)		
	37,182	27,893

## 11. Property plant and equipment

2019	Leasehold improvements	Office furniture and equipment	Computer equipment	Computer database	Total
	\$	\$	\$	\$	\$
Cost	57,121	128,674	81,684	264,616	532,095
Accumulated depreciation	35,015	40,416	47,588	151,063	274,082
Net book value	22,106	88,258	34,096	113,553	258,013

2018	Leasehold improvements	Office furniture and equipment	Computer equipment	Computer database	Total
	\$	\$	\$	\$	\$
Cost	41,176	112,847	70,922	261,136	486,081
Accumulated depreciation	29,320	23,112	30,765	83,039	166,236
Net book value	11,856	89,735	40,157	178,097	319,845

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

2019	Leasehold improvements	Office furniture and equipment	Computer equipment	Computer database	Total
	\$	\$	\$	\$	\$
Opening balance	11,856	89,735	40,157	178,097	319,845
Additions	16,040	20,081	18,323	3,480	57,924
Disposals	95	4,254	7,561		11,910
Reclassifications					
Depreciation	5,695	17,304	16,823	68,024	107,846
	22,106	88,258	34,096	113,553	258,013

## 12. Trade and other creditors

	2019	2018
	\$	\$
Accounts Payable	97,332	79,681
Accruals	77,652	60,000
Income Tax Due for Refund/(Payment)	12,283	4,635
	187,267	144,316

### 13. Related party transactions

There have been no material related party transactions during the year. (2018: \$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:

	2019	2018
	\$	\$
Total remuneration	687,335	617,804
Number of persons (FTE)	4	4

#### 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. (2018: \$Nil)

### 14. Leases

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

	2019	2018
	\$	\$
No later than one year	213,078	22,418
Later than one year and no later than five years	442,857	83,955
Later than five years		
	<u>655,935</u>	<u>106,373</u>

### 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:

	2019	2018
	\$	\$
<b>Financial assets</b>		
<i>Loans and receivables</i>		
Cash and cash equivalents	516,238	483,607
Receivables from exchange transactions	31,079	4,647
Receivables from non-exchange transactions	<u>37,182</u>	<u>27,893</u>
	<u>584,499</u>	<u>516,147</u>
<b>Financial liabilities</b>		
<i>At amortised cost</i>		
Trade and other creditors	187,267	144,316
Employee entitlements	<u>99,659</u>	<u>88,155</u>
	<u>286,926</u>	<u>232,471</u>

### 16. Capital commitments

There were no capital commitments at the reporting date. (2018: \$Nil).

### 17. Contingent assets and liabilities

There are no contingent assets or liabilities at the reporting date. (2018: \$Nil).

### 18. 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. (2018: \$Nil).

### 19. Reconciliation of Net Assets

There were no changes to Net Assets on application of IPSAS accounting standards.



## INDEPENDENT AUDITOR'S REPORT

### To the Shareholder of Utilities Disputes Limited

#### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Utilities Disputes Limited ('the Company') on pages 2 to 11, which comprise the statement of financial position as at 31 March 2019, and the statement of comprehensive revenue and expense, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2019, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ('PBE Standards RDR').

Our report is made solely to the Shareholder of Utilities Disputes Limited, in accordance with the Companies Act 1993. 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 Utilities Disputes Limited and the Shareholder of Utilities Disputes Limited, for our audit work, for our report or for the opinions we have formed.

#### 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 the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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, Utilities Disputes Limited.

### **Responsibilities of the Board for the Financial Statements**

The Board is responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with PBE Standards RDR, and for such internal control as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Company or to cease operations, or has 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 economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>



**BAKER TILLY STAPLES RODWAY AUDIT LIMITED**

**Wellington, New Zealand**

4 July 2019