

Utilities Disputes Limited
Financial Statements for the year ended 31 March 2020
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**Utilities Disputes Limited
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

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

Utilities Disputes Limited
Statement of Comprehensive Revenue and Expenses
For the year ended 31 March 2020

	Notes	2020 \$	2019 \$
Revenue from non-exchange transactions			
Market share based levy		3,932,454	3,703,385
Case based levy		374,596	202,222
		<u>4,307,050</u>	<u>3,905,607</u>
Revenue from exchange transactions			
Interest income		49,511	48,064
Sundry income		9,102	2,870
		<u>58,613</u>	<u>50,934</u>
Total revenue		<u>4,365,663</u>	<u>3,956,541</u>
Expenses			
ACC Levy		6,195	4,820
Accommodation and travel		38,244	39,556
Auditors Fees		7,500	12,000
Bank Fees		393	833
Board Expenses		32,277	19,691
Board member Fees		160,268	131,282
Case Expenses		7,653	8,390
Communications		201,942	47,051
Computer Support		137,594	133,255
Constitutional Issues		-	19,558
Depreciation		123,237	107,847
Entertainment		11,597	9,926
General Expenses		9,244	9,536
Insurance		19,091	20,071
Library Expenses		4,240	4,329
Loss on Disposal of Fixed Assets		-	10,719
Office Equipment		2,574	2,073
Payroll Expenses		2,305	2,256
Premises Expenses		268,927	265,429
Printing Postage and Stationery		23,838	22,017
Professional Advice		179,079	216,532
Recruitment		30,455	49,936
Salaries and wages		2,728,483	2,500,708
Staff Expenses		6,593	3,031
Telecommunications		49,786	39,144
Training and Development		128,112	99,813
Total expenses		<u>4,179,627</u>	<u>3,779,803</u>
Total surplus/(deficit) for the period		<u>186,036</u>	<u>176,738</u>

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

Taxation Expense	17	13,170	12,502
Total surplus/(deficit) for the period after tax		<u>172,866</u>	<u>164,236</u>
Other comprehensive revenue and expenses		<u>-</u>	<u>-</u>
Total comprehensive revenue and expense		<u>172,866</u>	<u>164,236</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 2020

	Retained Surplus \$	Total equity \$
Opening balance 1 April 2019	1,096,069	1,096,069
Surplus/(Deficit) for the year	172,866	172,866
Other comprehensive income		
Transfers		
Closing equity 31 March 2020	<u>1,268,935</u>	<u>1,268,935</u>
Opening balance 1 April 2018	931,833	931,833
Surplus/(Deficit) for the year	164,236	164,236
Other comprehensive income	-	-
Closing equity 31 March 2019	<u>1,096,069</u>	<u>1,096,069</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 2020

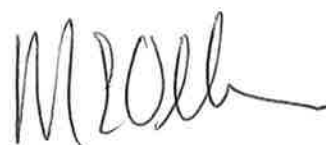
	Notes	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	8	1,293,477	516,238
Investments	9	-	500,000
Receivables from exchange transactions	10	69,011	31,079
Receivables from non-exchange transactions	10	12,432	37,182
Prepayments		34,935	40,483
Total current		<u>1,409,855</u>	<u>1,124,982</u>
Non-current assets			
Property plant and equipment	11	130,210	144,460
Intangibles	12	54,177	113,553
Total non-current		<u>184,387</u>	<u>258,013</u>
Total assets		<u>1,594,242</u>	<u>1,382,995</u>
Current liabilities			
Trade and other creditors	13	156,773	174,984
Revenue in advance		80,000	
Tax payable	17	7,257	12,283
Employee entitlements		81,277	99,659
Total Current		<u>325,307</u>	<u>286,926</u>
Total net assets		<u>1,268,935</u>	<u>1,096,069</u>
Net assets			
Retained surplus		<u>1,268,935</u>	<u>1,096,069</u>
Total net assets		<u>1,268,935</u>	<u>1,096,069</u>

Signed for and on behalf of the Board who authorised these financial statements for issue on 31 July 2020:

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 2020

	2020	2019
	\$	\$
Cash flow from operating activities		
<u>Receipts</u>		
Receipts from non-exchange transactions	4,347,418	3,905,626
Receipts from exchange transactions	7,621	4,061
<u>Payments</u>		
Payments to suppliers	- 1,339,373	- 1,137,150
Payment to employees	- 2,746,865	- 2,489,204
Net GST	24,750	9,289
Taxation paid	- 17,910	- 4,824
Net cash flows from operating activities	275,641	269,220
Cash flows from investing activities		
<u>Receipts</u>		
Interest received	51,209	46,651
Withdrawal of short term investments	3,500,000	3,300,000
<u>Payments</u>		
Purchase of property, plant and equipment	- 49,611	- 83,240
Investments in short term deposits	- 3,000,000	- 3,500,000
Purchase of investments		
Net cash flows from investing activities	501,598	236,589
Net increase/(decrease) in cash and cash equivalents	777,239	32,631
Cash and cash equivalents at 1 April	516,238	483,607
Cash and cash equivalents at 31 March	1,293,477	516,238

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 2020

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 2020. The comparative period relates to the year ended 31 March 2019.

The financial statements were authorised for issue by the Board on the 31 July 2020.

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 2020.

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% SL

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:

	2020	2019
	\$	\$
Cash at bank	1,293,477	516,238
Total cash and cash equivalents	<u>1,293,477</u>	<u>516,238</u>

9. Investments

	2020	2019
	\$	\$
ANZ Term Deposit	-	500,000
	<u>-</u>	<u>500,000</u>

10. Receivables

(1) Receivables from exchange transactions

	2020	2019
	\$	\$
Accrued Receivables	-	1,699
Accounts Receivable	69,011	29,380
	<u>69,011</u>	<u>31,079</u>

(2) Receivables from non-exchange transactions

	2020	2019
	\$	\$
Accounts Receivable		
GST Refund Due	12,432	37,182
Income Tax Due for Refund/(Payment)		
	<u>12,432</u>	<u>37,182</u>

11. Property plant and equipment

2020	Leasehold improvements	Office furniture and equipment	Computer equipment	Total
	\$	\$	\$	\$
Cost	71,582	136,707	102,103	310,392
Accumulated depreciation	46,947	60,176	73,059	180,182
Net book value	24,635	76,531	29,044	130,210

2019	Leasehold improvements	Office furniture and equipment	Computer equipment	Total
	\$	\$	\$	\$
Cost	57,121	128,674	81,684	267,479
Accumulated depreciation	35,015	40,416	47,588	123,019
Net book value	22,106	88,258	34,096	144,460

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

2020	Leasehold improvements	Office furniture and equipment	Computer equipment	Total
	\$	\$	\$	\$
Opening balance	22,106	88,258	34,096	144,460
Additions	14,461	8,033	20,419	42,913
Disposals				
Reclassifications				
Depreciation	11,932	19,760	25,471	57,163
	<u>24,635</u>	<u>76,531</u>	<u>29,044</u>	<u>130,210</u>

12. Intangibles

2020	Computer database
	\$
Cost	271,314
Accumulated depreciation	217,137
Net book value	54,177

2019	Computer database
	\$
Cost	264,616
Accumulated depreciation	151,063
Net book value	113,553

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

2020	Computer database
	\$
Opening balance	113,553
Additions	6,698
Disposals	
Reclassifications	
Depreciation	66,074
	<u>54,177</u>

13. Trade and other creditors

	2020	2019
	\$	\$
Accounts Payable	77,715	97,332
Accruals	79,058	77,652
	<u>156,773</u>	<u>174,984</u>

14. Related party transactions

There have been no material related party transactions during the year. (2019: \$Nil)

14.1 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:

	2020	2019
	\$	\$
Total remuneration	688,830	687,335
Number of persons (FTE)	4	4

14.2 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. (2019: \$Nil)

15. Leases

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

	2020	2019
	\$	\$
No later than one year	239,814	213,078
Later than one year and no later than five years	232,547	442,857
Later than five years		
	<u>472,361</u>	<u>655,935</u>

Building rent and 2 carparks are leased from Stride Property. The lease expires on 31 March 2022. There are no rights of renewals. A lease for the photocopier is held with Canon. The lease expires in April 2022. At that stage there is the ability to replace the photocopier and start a new lease for the new replacement photocopier. Leases for Telephony systems are held with Telesmart and Layer3. The Layer3 lease is for 1 year while the Telesmart lease expires in September 2022. There are no renewals clauses in either of these leases.

16. 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:

	2020	2019
	\$	\$
Financial assets		
<i>Loans and receivables</i>		
Cash and cash equivalents	1,293,477	515,238
Receivables from exchange transactions	69,011	31,079
Receivables from non-exchange transactions	12,432	37,182
	<u>1,374,920</u>	<u>583,499</u>
Financial liabilities		
<i>At amortised cost</i>		
Trade and other creditors	156,773	174,984
Employee entitlements	81,277	99,659
	<u>238,050</u>	<u>274,643</u>

17. Tax Reconciliation	2020	2019
	\$	\$
Taxable Income - Interest	49,511	48,064
Less expenses	2,476	3,413
Taxable income	<u>47,035</u>	<u>44,651</u>
Income tax as per company rate of 28%	13,170	12,502
Withholding tax paid during 2019/20 year	-8	
Withholding tax paid during 2018/19 year		-30
Adjustment to 2018/19 tax calculation		281
Provisional tax paid for 2019/20 year	-8,732	
Provisional tax paid for 2018/19 year		-4,824
Income tax for 2018/19 year - paid in April 2020	2,827	
Income tax for 2018/19 year - paid in April 2019		4,354
	<u>7,257</u>	<u>12,283</u>

18. Capital commitments

Utilities Disputes Limited has made a commitment to sponsor an award at the Deloitte's Energy Excellence Awards for the next 3 years. This sponsorship is at a cost of \$10,000 per year with an initial payment of \$5,000 having already been made. Therefore there is a further commitment of \$10,000 within one year with another \$15,000 in the following years. (2019: \$Nil).

19. Contingent assets and liabilities

There are no contingent assets or liabilities at the reporting date. (2019: \$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. (2019: \$Nil).

21. COVID-19

On 30 January 2020, the spread of novel Corona virus (COVID-19) was declared a public health emergency by the World Health Organisation.

From 25 March 2020, New Zealand was placed into Alert Level 4 lockdown to combat the pandemic, for a minimum period of four weeks.

From 28 April 2020 this was reduced to Alert Level 3 with some restrictions relaxed, for a minimum period of two weeks. Subsequent to this, restrictions have continued to lift with the economy now operating at Level 1.

As at the date of signing, the impact of the pandemic and associated lockdown on the entity from a financial perspective is considered to be minimal.

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

Independent auditor's report

To the Shareholders of Utilities Disputes Limited

Opinion

We have audited the financial statements of Utilities Disputes Limited, which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the statement of accounting policies and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Utilities Disputes Limited as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR).

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 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.

Other matter

The financial statements of Utilities Disputes Limited for the year ended 31 March 2019, were audited by another auditor who expressed an unmodified opinion on those statements on 4 July 2019.

Board's responsibilities for the financial statements

The Board are responsible on behalf of Utilities Disputes Limited for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR), and for such internal control as the Board 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 Board are responsible on behalf of Utilities Disputes Limited 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 Utilities Disputes Limited 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the XRB's website at

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-6/>

This report is made solely to the Shareholders of Utilities Disputes Limited. Our audit has been undertaken so that we might state to the Shareholders 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 Shareholders, 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

31 July 2020