

Electricity and Gas Complaints Commission

Financial Report

**For the Year Ended
31 March 2011**

ELECTRICITY AND GAS COMPLAINTS COMMISSION

For the Year Ended 31 March 2011

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ELECTRICITY AND GAS COMPLAINTS COMMISSION

Statement of Financial Performance For the Year ended 31 March 2011

	<i>Note</i>	<i>2011</i>		<i>2010</i>
		\$	\$	\$
Levy Income				
Fixed Levy		1,170,036		965,566
Variable Levy	11	<u>787,102</u>		<u>548,618</u>
Total Levy Income		1,957,138		1,514,184
Plus Other Income				
Expert Advice Cost Recovery		1,536		1,514
Interest Received		18,516		23,111
Sundry Income		<u>2,568</u>		<u>12,112</u>
Total Other Income		22,620		36,737
Total Income		<u>1,979,758</u>		<u>1,550,921</u>
Less Expenses				
ACC Levy		4,379		2,813
Accommodation & Travel		15,026		6,497
Auditor's Fees		10,484		9,920
Bank Fees & Interest		1,068		-
Case Expenses		41,707		1,921
Chair Fees		35,000		35,000
Commission Expenses		4,298		3,227
Commission Member Fees		35,001		35,000
Communications		52,909		44,087
Computer Support		34,007		32,847
Constitutional Issues		112,870		26,904
Depreciation		63,766		42,218
Entertainment Expenses		1,097		833
Experts - Non-Legal		1,536		2,141
Forum Costs		3,711		4,113
General Expenses		8,080		9,553
Insurance		9,354		9,254
Library Expenses		6,498		10,203
Payroll Expenses		1,452		1,535
Premises Expenses		186,240		182,916
Printing and Copying		16,181		13,405
Professional Advice		54,211		57,188
Provision for Levies In Dispute	10	(23,478)		27,884
Recruitment		713		1,458
Salaries & Wages		1,142,133		954,509
Scheme Approval		-		16,219
Stationery, Copying & Postage		10,759		6,072
Staff Expenses		1,810		-
Telecommunications		34,252		30,332
Training & Development		35,794		10,767
Transition Expense		<u>-</u>		<u>26,915</u>
Total Expenses		1,900,858		1,605,731
Net Surplus/(Loss) For The Year		78,900		(54,810)

The Statement of Accounting Policies and the accompanying notes form part of the Financial Statements.

ELECTRICITY AND GAS COMPLAINTS COMMISSION

Statement of Financial Performance For the Year ended 31 March 2011

	<i>Note</i>	<i>2011</i>		<i>2010</i>
		\$	\$	\$
Taxation Provision	7	97,067		-
Net Surplus/(Loss) After Tax		<u>(18,167)</u>		<u>(54,810)</u>

The Statement of Accounting Policies and the accompanying notes form part of the Financial Statements.

ELECTRICITY AND GAS COMPLAINTS COMMISSION

Statement of Movements in Equity For the Year ended 31 March 2011

	<i>Note</i>	<i>2011</i>	<i>2010</i>
		\$	\$
Accumulated Funds at Beginning of the Year		347,506	402,316
Net Surplus/(Loss) For The Year		(18,167)	(54,810)
Accumulated Funds at End of the Year		<u>329,339</u>	<u>347,506</u>

The Statement of Accounting Policies and the accompanying notes form part of the Financial Statements.

ELECTRICITY AND GAS COMPLAINTS COMMISSION

Statement of Financial Position As at 31 March 2011

	<i>Note</i>	<i>2011</i>	<i>2010</i>
		\$	\$
Accumulated Funds			
Accumulated Funds	4	<u>329,339</u>	<u>347,506</u>
Total Accumulated Funds		<u><u>329,339</u></u>	<u><u>347,506</u></u>
Represented by:			
Current Assets			
National Bank Cheque		29,609	42,999
National Bank Savings		395,964	413,548
Prepayments		7,680	1,536
Levies Receivable		18,981	171,678
Levies in Dispute	10	<u>-</u>	<u>(67,711)</u>
Total Current Assets		452,234	562,050
Non-Current Assets			
Fixed Assets as per Schedule	2	126,168	141,082
Total Assets		<u>578,402</u>	<u>703,132</u>
Current Liabilities			
GST Due for payment		6,009	11,400
Accounts Payable		182,709	118,938
Surpluses Refundable		-	169,890
Provision for Annual Leave		59,258	55,398
Fixed Levies (Invoices in Advance)		<u>1,087</u>	<u>-</u>
Total Current Liabilities		249,063	355,626
Total Liabilities		<u>249,063</u>	<u>355,626</u>
Net Assets/ (Liabilities)		<u><u>329,339</u></u>	<u><u>347,506</u></u>

For and on behalf of the Commission:

Richard Janes - Chair  Date 28 June 2011

Judith Jones - Commissioner  Date 28 June 2011

The Statement of Accounting Policies and the accompanying notes form part of the Financial Statements.

ELECTRICITY AND GAS COMPLAINTS COMMISSION

Notes to the Financial Statements For the Year ended 31 March 2011

1. Statement of Accounting Policies

Reporting Entity

The Electricity and Gas Complaints Commission ("the Commission") is an unincorporated entity.

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP').

Measurement Base

Unless otherwise stated the accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis have been followed.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied:

Levies Receivable: Levies receivable are stated at their estimated realisable value. A levies in dispute provision is made to reflect levies which are in dispute at balance date but are considered collectable by the Commission. Debts considered uncollectable are written off.

Revenue Recognition: Levy income is recognised in the year to which it relates, even where levies are calculated by reference to complaints in a different period (the reference period).

Fixed Assets: Fixed assets are stated at cost less accumulated depreciation. Depreciation has been calculated using the maximum rates permitted by the Income Tax Act 2007. The principal rates in use are:

Office Equipment	9% - 80.4%	DV or SL
Leasehold Improvements	11.4% - 33.3%	DV or SL
Computer Equipment	26.4% - 60%	DV or SL
New Database	33.0% - 48.0%	DV or SL
CRM Transition	33.0%	DV

Taxation: The income tax status of the Commission is currently the subject of negotiations with the Inland Revenue Department ("IRD"). The financial statements include a provision for income tax on interest income. Please refer to Note 7 for further details.

Goods and Services Tax: The financial statements have been prepared on an exclusive basis.

Differential Reporting: The Commission is a qualifying entity for Differential Reporting because it is not publicly accountable and does not qualify as a large entity as defined in the framework for Differential Reporting by the New Zealand Institute of Chartered Accountants. The Commission has taken advantage of all differential reporting exemptions except for the fact that the Financial Statements have been prepared on a GST exclusive basis.

The Statement of Accounting Policies and the accompanying notes form part of the Financial Statements.

ELECTRICITY AND GAS COMPLAINTS COMMISSION

Notes to the Financial Statements For the Year ended 31 March 2011

Changes in Accounting Policies

There have been no changes in accounting policies which have been applied on bases consistent with those used in previous years, except for the following:

Income Tax: The income tax status of the Commission is currently the subject of negotiations with the IRD. The financial statements now include a provision for income tax on interest income. In prior years the Commission has not provided for income tax on interest income on the basis it was an unincorporated entity and was not subject to income tax.

2. Fixed Assets

	<i>2011</i>	<i>2010</i>
	\$	\$
Office Equipment		
At cost	88,058	68,538
Less Accumulated Depreciation	<u>51,169</u>	<u>46,968</u>
	<u>36,889</u>	<u>21,570</u>
Leasehold Improvements		
At cost	94,249	93,961
Less Accumulated Depreciation	<u>85,196</u>	<u>70,121</u>
	<u>9,053</u>	<u>23,840</u>
Computer Equipment		
At cost	201,864	182,665
Less Accumulated Depreciation	<u>177,203</u>	<u>155,751</u>
	<u>24,661</u>	<u>26,914</u>
New Database		
At cost	61,795	51,951
Less Accumulated Depreciation	<u>52,206</u>	<u>51,812</u>
	<u>9,589</u>	<u>139</u>
CMS Transition		
At cost	63,361	63,361
Less Accumulated Depreciation	<u>22,076</u>	<u>1,742</u>
	<u>41,285</u>	<u>61,619</u>
Intranet		
At cost	7,000	7,000
Less Accumulated Depreciation	<u>2,310</u>	<u>-</u>
	<u>4,690</u>	<u>7,000</u>
Total Fixed Assets	<u><u>126,168</u></u>	<u><u>141,082</u></u>

3. Related Parties

There have been no material related party transactions during the year (2010:\$0)

The Statement of Accounting Policies and the accompanying notes form part of the Financial Statements.

ELECTRICITY AND GAS COMPLAINTS COMMISSION

Notes to the Financial Statements For the Year ended 31 March 2011

4. Accumulated Funds

The following movements in Accumulated Funds have occurred:

	<i>2011</i>	<i>2010</i>
	\$	\$
Opening Balance	347,506	402,316
Net Surplus/(Deficit) For The Year	<u>(18,167)</u>	<u>(54,810)</u>
Closing Balance	<u><u>329,339</u></u>	<u><u>347,506</u></u>

5. Capital Commitments

There are no capital commitments at balance date (2010:\$0).

6. Contingent Liabilities

There are no contingent liabilities at balance date (2010:\$0).

7. Taxation

	<i>2011</i>	<i>2010</i>
	\$	\$
Income Tax Payable - Prior Periods	53,826	-
Income Tax Payable - Current Year	5,555	-
IRD - Use of Money Interest	17,232	-
IRD - Late Payment Penalties	<u>20,454</u>	-
Total Tax Provision	<u><u>97,067</u></u>	<u><u>-</u></u>

The Commission has not previously recognised an income tax liability on interest income and under an agreement with the IRD has not submitted income tax returns.

Following an internal review of the Commission's taxation status it appeared that the Commission is in fact liable to tax on such interest income. A voluntary disclosure was made to IRD on 12 April 2011 in respect of interest for the years ended 31 March 2003 to 31 March 2010 inclusive. On 20 April 2011 the Commission paid \$30,366 on account of this liability and negotiations are continuing with IRD to determine the final amount payable.

A provision is included in these financial statements for the estimated amount of the tax, use of money interest and penalties payable less available tax credits.

ELECTRICITY AND GAS COMPLAINTS COMMISSION

Notes to the Financial Statements For the Year ended 31 March 2011

8. Lease Commitments

	Current \$	Term \$	Total \$
Leased Asset:			
Expiry Date:			
Term remaining:			
Annual Rental:	5,520	5,980	11,500
Leased Asset:			
Expiry Date:			
Term remaining:			
Annual Rental:	38,932	-	38,932

Agreement has been reached to renew the lease for a further three years and is now due to expire on 30 June 2014. The rental payment required under the new lease is to be adjusted based on the increase in the Consumer Price Index for the final twelve months of the current lease.

9. Subsequent Events

On 1 April 2011 a revised Scheme document came into effect. The Commission became the sole governance body for the Scheme, and was renamed the Board of the Electricity and Gas Complaints Commissioner Scheme.

The Electricity and Gas Complaints Council (comprising all members of the Scheme) and its separate Board were disestablished on 31 March 2011. The funds held by the former Board of the Electricity and Gas Complaints Council will be transferred to the Electricity and Gas Complaints Commissioner Scheme during the year ended 31 March 2012.

10. Provision for Levies In Dispute

There were no levies in dispute at balance date (2010: \$67,711).

The opening balance of \$67,711 included \$20,755 relating to levies receivable which have been written off during the year (Refer to Note 11). A credit note was issued for \$23,478 and the remaining balance of \$23,478 was recovered as shown in the Statement of Financial Performance.

ELECTRICITY AND GAS COMPLAINTS COMMISSION

Notes to the Financial Statements For the Year ended 31 March 2011

11. Levy Adjustment

Following a review of levy balances included in the financial statements for the year ended 31 March 2010, the Commission decided to derecognise the following amounts which were included in the Statement of Financial Position at 31 March 2010.

The net amount has been included as an adjustment to variable levy income in the year ended 31 March 2011 as follows:

	<i>2011</i>	<i>2010</i>
	\$	\$
Current Assets		
Levies Receivable as at 31 March 2010	<u>171,678</u>	-
Amount Derecognised in the Year	90,182	-
Levies in Dispute as at 31 March 2010	<u>(67,711)</u>	-
Amount Derecognised in the Year	<u>(20,755)</u>	-
	<u>69,427</u>	-
Current Liabilities		
Surpluses Refundable as at 31 March 2010	<u>169,890</u>	-
Amount Derecognised in the Year	<u>169,890</u>	-
Net Amount Derecognised	<u>100,463</u>	-
Variable Levy Income for the Year	686,639	548,618
Net Adjustment as Above	<u>100,463</u>	-
Per Statement of Financial Performance	<u>787,102</u>	<u>548,618</u>

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