

**Utilities Disputes Limited**  
**Financial Statements for the year ended 31 March 2018**  
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Directory**

Board	Honourable Heather Roy (Chairperson) Nicky Darlow Major Campbell Roberts Dr Brian McCulloch Greg Skelton
Registered office	DLA Piper New Zealand 50 Customhouse Quay Wellington Central Wellington 6011
Nature of business	Dispute Resolution and related services
Independent auditor	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 2018**

	Notes	2018 \$	5 months ended 2017 \$
<b>Revenue from non-exchange transactions</b>			
Market share based levy		3,523,773	1,339,633
Case based levy		298,000	190,415
		3,821,773	1,530,048
<b>Revenue from exchange transactions</b>			
Interest income		31,721	9,127
Sundry income		17,431	1,830
		49,152	10,957
<b>Total revenue</b>		3,870,925	1,541,005
<b>Expenses</b>			
ACC Levy		3,575	1,015
Accommodation and travel		46,534	27,348
Auditors Fees		8,000	7,000
Bank Fees		1,007	342
Board Expenses		23,474	10,474
Board member Fees		111,085	40,737
Case Expenses		18,419	4,478
Communications		56,102	27,578
Computer Support		108,338	35,368
Constitutional Issues		-	3,517
Depreciation		118,281	47,955
Entertainment		8,334	9,856
General Expenses		7,086	3,244
Insurance		16,974	4,878
Library Expenses		8,039	3,819
Office Equipment		1,366	889
Payroll Expenses		3,082	1,148
Premises Expenses		256,493	104,240
Printing Postage and Stationery		20,601	8,788
Professional Advice		113,657	79,302
Recruitment		25,954	237
Salaries and wages		2,418,351	1,081,213
Staff Expenses		7,080	3,360
Telecommunications		38,040	13,670
Training and Development		113,875	34,674
<b>Total expenses</b>		3,533,747	1,555,130
<b>Total surplus/(deficit) for the period</b>		337,178 -	14,125

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



Taxation Expense	9,077	2,416
<b>Total surplus/(deficit) for the period after tax</b>	<b>328,101 -</b>	<b>16,541</b>
<b>Other comprehensive revenue and expenses</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive revenue and expense</b>	<b>328,101 -</b>	<b>16,541</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 2018**

	<b>Retained Surplus \$</b>	<b>Total equity \$</b>
Opening balance 1 April 2017	603,732	603,732
Surplus/(Deficit) for the year	328,101	328,101
Other comprehensive income		
Transfers		
<b>Closing equity 31 March 2018</b>	<u>931,833</u>	<u>931,833</u>
Opening balance 1 April 2016	-	-
Surplus/(Deficit) for the year	- 16,539 -	- 16,539 -
Other comprehensive income	-	-
Transfer from Electricity and Gas Complaints Commissioner Scheme	620,271	620,271
<b>Closing equity 31 March 2017</b>	<u>603,732</u>	<u>603,732</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 2018**

	Notes	2018 \$	5 months ended 2017 \$
<b>Current assets</b>			
Cash and cash equivalents	8	483,607	371,153
Investments	9	300,000	100,000
Receivables from exchange transactions	10	4,647	22,053
Receivables from non-exchange transactions	10	27,893	26,293
Prepayments		28,312	26,570
Total current		<u>844,459</u>	<u>546,069</u>
<b>Non-current assets</b>			
Property plant and equipment	11	<u>319,845</u>	<u>346,978</u>
Total non-current		<u>319,845</u>	<u>346,978</u>
Total assets		<u>1,164,304</u>	<u>893,047</u>
<b>Current liabilities</b>			
Trade and other creditors	12	144,316	179,353
Employee entitlements		<u>88,155</u>	<u>109,962</u>
Total Current		<u>232,471</u>	<u>289,315</u>
<b>Total net assets</b>		<u><b>931,833</b></u>	<u><b>603,732</b></u>
<b>Net assets</b>			
Retained surplus		<u>931,833</u>	<u>603,732</u>
<b>Total net assets</b>		<u><b>931,833</b></u>	<u><b>603,732</b></u>

Signed for and on behalf of the Board who authorised these financial statements for issue on 26 June 2018:

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 2018**

	2018		5 months
	\$		ended 2017
			\$
<b>Cash flow from operating activities</b>			
<u>Receipts</u>			
Receipts from non-exchange transactions	3,822,054		1,529,090
Receipts from exchange transactions	32,130		4,557
<u>Payments</u>			
Payments to suppliers	-	1,038,527	-
Payment to employees	-	2,440,159	-
Interest paid			
Net GST	-	4,316	
Taxation paid	-	741	-
			2,416
<b>Net cash flows from operating activities</b>		<b>370,441</b>	<b>- 1,499,340</b>
<b>Cash flows from investing activities</b>			
<u>Receipts</u>			
Sale of property plant and equipment			
Transfer of assets from EGCC to UDL			202,840
Interest received	33,161		9,127
Withdrawal of short term investments	3,050,000		2,200,000
<u>Payments</u>			
Purchase of property, plant and equipment	-	91,148	-
Investments in short term deposits	-	3,250,000	-
Purchase of investments			
<b>Net cash flows from investing activities</b>		<b>- 257,987</b>	<b>1,870,493</b>
Net increase/(decrease) in cash and cash equivalents		112,454	371,153
Cash and cash equivalents at 1 April		371,153	-
<b>Cash and cash equivalents at 31 March</b>		<b>483,607</b>	<b>371,153</b>

*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 2018**

**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 2018. The comparative period relates to the 5 months ended 31 March 2017.

The financial statements were authorised for issue by the Board on the 26 June 2018.

**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**

For the year ended 31 March 2017, Utilities Disputes prepared its special purpose financial statements. These have now been restated to Not-For-Profit PBE IPSAS – RDR. An explanation of how the transition to Tier 2 Not-For-Profit PBE Accounting Standards has affected the reporting Statement of Financial Position and Statement of Comprehensive Revenue and Expenses is provided in Note 20 of the financial statements.

**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:

	2018	5 months ended 2017
	\$	\$
Cash at bank	483,607	371,153
Total cash and cash equivalents	483,607	371,153

## 9. Investments

	2018	5 months ended 2017
	\$	\$
ANZ Term Deposit	300,000	100,000
	300,000	100,000

## 10. Receivables

(1) Receivables from exchange transactions	2018	5 months ended 2017
	\$	\$
Accrued Receivables	.286	2,992
Accounts Receivable	4,361	19,061
	4,647	22,053

(2) Receivables from non-exchange transactions	2,018	5 months ended 2017
	\$	\$
Accounts Receivable		280
GST Refund Due	27,893	23,577
Income Tax Due for Refund/(Payment)		2,436
	27,893	26,293

## 11. Property plant and equipment

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

  

5 months ended 2017	Leasehold improvements	Office furniture and equipment	Computer equipment	Computer database	Total
	\$	\$	\$	\$	\$
Cost	41,176	111,614	32,171	209,972	394,933
Accumulated depreciation	8,827	7,158	9,312	22,658	47,955
Net book value	32,349	104,456	22,859	187,314	346,978

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

2018	Leasehold improvements	Office furniture and equipment	Computer equipment	Computer database	Total
	\$	\$	\$	\$	\$
Opening balance	32,349	104,456	22,859	187,314	346,978
Additions		1,233	38,751	51,164	91,148
Disposals					
Reclassifications					
Depreciation	20,493	15,954	21,453	60,381	118,281
	11,856	89,735	40,157	178,097	319,845

## 12. Trade and other creditors

	2018	5 months ended 2017
	\$	\$
Accounts Payable	79,681	63,056



Accruals	60,000	116,297
Income Tax Due for Refund/(Payment)	4,635	
	<u>144,316</u>	<u>179,353</u>

### 13. Related party transactions

There have been no material related party transactions during the year. (2017: \$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. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

	2018	5 months ended 2017
	\$	\$
Total remuneration	617,804	227,831
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. (2017: \$Nil)

### 14. Leases

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

	2018	5 months ended 2017
	\$	\$
No later than one year	22,418	192,776
Later than one year and no later than five years	83,955	13,717
Later than five years		
	<u>106,373</u>	<u>206,493</u>

The Board is currently in negotiation for a new 4 year lease for the premises currently occupied by Utilities Disputes Limited.

### 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:

	2018	5 months ended 2017
	\$	\$
<b>Financial assets</b>		
<i>Loans and receivables</i>		
Cash and cash equivalents	483,607	371,153
Receivables from exchange transactions	4,647	22,053
Receivables from non-exchange transactions	27,893	26,293
	<u>516,147</u>	<u>419,499</u>
<b>Financial liabilities</b>		
<i>At amortised cost</i>		
Trade and other creditors	144,316	179,353
Employee entitlements	88,155	109,962
	<u>232,471</u>	<u>289,315</u>

### 16. Capital commitments

There were no capital commitments at the reporting date. (2017: \$Nil).

### 17. Contingent assets and liabilities

There are no contingent assets or liabilities at the reporting date. (2017: \$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. (2017: \$Nil).

### 19. Transition from Electricity and Gas Complaints Commissioner Scheme to Utilities Disputes Limited

As at 2 November 2016, the Electricity and Gas Complaints Commissioner Scheme ceased as an unincorporated society. The new company, Utilities Disputes Limited, was established and commenced operating from the same date.

All assets and liabilities of the Electricity and Gas Complaints Commissioner Scheme were transferred to Utilities Disputes Limited as at 1 November 2016.



**20. Explanation of the transition to PBE IPSAS**

The financial statements for the year ended 31 March 2018 are the first annual financial statements prepared in accordance with PBE IPSAS. Utilities Disputes Limited have applied PBE FRS 47 "First-time adoption of PBE standards by entities other than those previously applying NZ IFRSs" in preparing these financial statements.

Utilities Disputes Limited's transition date is 1 November 2016 and it has prepared its opening PBE IPSAS Statement of Financial Position as at that date.

**20.1 Reconciliation of Net Assets**

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

