




STATEMENT OF PERFORMANCE EXPECTATIONS

 For the period 2019/2020



**TAKEOVERS
PANEL**
TE PAE WHITIMANA

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> STATEMENT OF RESPONSIBILITY

The information on future operating intentions of the Takeovers Panel for the year ending 30 June 2020 contained in this Statement of Performance Expectations has been prepared in accordance with section 149C of the Crown Entities Act 2004.

We acknowledge responsibility for the preparation of these Forecast Financial Statements and Forecast Statement of Service Performance and for the judgements used in them.

We acknowledge responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the Panel's financial reporting.


In our opinion the information contained in this Statement of Performance Expectations fairly reflects the Takeovers Panel's operating intentions for the reporting period. It should be read in conjunction with the Panel's latest Statement of Intent.

Signed on behalf of the Panel by:



Andy Coupe
Chairman
Takeovers Panel

Date: 13 May 2019



Carl Blanchard
Chairman of the Audit and Risk Committee
Takeovers Panel

Date: 13 May 2019

> INTENDED ACHIEVEMENTS OF OUTPUTS

The Takeovers Panel is responsible for the administration of the Takeovers Code, for which the Panel receives an appropriation from the Government of \$1.49 million per annum.¹ The scope of the appropriation is the performance by the Panel of its statutory obligations under the Takeovers Act 1993. The Panel has identified four output classes for measuring its service performance, namely:

- Services for transactions under the Takeovers Code;
- Services for transactions under the Companies Act 1993 (**Code company schemes**);
- Review of takeovers law and practice; and
- Public understanding services.

The services provided under these output classes are intended to make three impacts in the takeovers market:

- **Efficiency:** Takeovers law is efficient, with improved information for shareholders;
- **Enforcement:** 100% compliance with the Code and 100% of applicants for Code company schemes seek a No-objection Statement from the Panel; and
- **Knowledge:** Shareholders, and all those who are subject to the Code, and their advisers, are well-informed about the role of the Code, of the Panel and in relation to Code company schemes.

The Panel's services are also intended to contribute to the outcome of an efficient takeovers market, reduced transaction costs for investors and increased confidence in the integrity of the takeovers market.

The 'takeovers market' is a term used to describe mergers and acquisitions activity such as takeovers and acquisitions of business assets. Much of this activity is not subject to the Takeovers Code because it does not relate to transactions in shares, and only a very small percentage of New Zealand's c. 500,000 companies (fewer than 1%) are subject to the Code. However, the Panel plays an important role in strengthening the integrity of the capital markets because it regulates changes of control in New Zealand's largest and most widely-held companies, some of which have tens of thousands of shareholders. Therefore, while the Panel's services have a measurable impact in relation to transactions that fall within the scope of the Panel's appropriation, the Panel's contribution to the outcomes for the broader takeovers market cannot be measured.

The Panel will, as part of its service delivery, work with other entities such as NZX Limited, Commerce Commission and the Financial Markets Authority with the aim of contributing to improving the confidence and participation of investors in New Zealand's capital markets (of which the takeovers market forms part). The Panel will also work to understand the direct and indirect costs of the Panel's actions on businesses and the wider economy.

¹ The Panel also has access to a Litigation Fund, for which a top up appropriation of up to \$200,000 is available, should the Fund reduce below \$675,000. The purpose of the Fund is to enable the Panel to enforce compliance with the Takeovers Code and Code company schemes provisions in the Companies Act 1993, and to respond to litigation brought against it.

FORECAST PERFORMANCE STANDARDS AND MEASURES FOR THE OUTPUTS

OUTPUT 1: *Services for transactions under Takeovers Code*

The consideration of applications for approval to act as an independent adviser or expert or for an exemption from compliance with the Code; the monitoring and enforcement of Code compliance in all Code-regulated transactions.

The Panel will use its approval resources to consider applications, including from firms seeking to be approved to act as independent advisers and experts for Code-regulated transactions or events.

The Panel will use its exemption resources to consider exemption applications as they arise, and to consider possible class exemptions (which may be developed on the Panel's own initiative or may be applied for by parties to Code-regulated transactions or events).

The Panel will use its enforcement resources to:

- Assist those who have Code obligations to understand their obligations and to understand the Panel's likely approach to enforcing the Code;
- Maintain 'soft' enforcement activity with Panel staff reviewing draft documents so that they better comply with the Code, enabling most compliance issues to be easily resolved;
- Encourage drafters of Code-regulated documents to apply the Panel's guidance on clear, concise and effective drafting;
- Take 'hard' enforcement action, including holding hearings under section 32 of the Takeovers Act and, when necessary, taking Court proceedings for permanent or punitive orders, recognising that 'hard' enforcement uses a high proportion of resources, due to procedural intensity.

Planned performance standards and performance measures for 2019/2020, and estimated outcome for 2018/2019, using actual data to December 2018 and as estimated for the remainder of the year:

Performance Measures	Performance Standards			
	Forecast 2019/2020	Estimated 2018/2019	Actual 2017/2018	Actual 2016/2017
Quantity² Draft documents reviewed, including for clear, concise and effective drafting as set out in the Panel's guidance notes, and percentage of enforcement resources spent on 'soft' enforcement ³	14-16 taking 80% of resources	16-18 taking 80% of resources	15 taking 49% of resources	New measure for 2017/2018

² The number of applications received is entirely market-driven. The inclusion of estimated quantities is to provide contextual information.

³ The level of the Panel's Output 1 resources spent on enforcement of the Code increases if the Panel holds a section 32 meeting (due to procedural intensity). This has a flow-on effect across all Outputs, and within Output 1 in terms of the percentage of resources spent on review of documents.

Performance Measures	Performance Standards			
	Forecast 2019/2020	Estimated 2018/2019	Actual 2017/2018	Actual 2016/2017
<u>Quality</u> The Regulations Review Committee does not recommend disallowance of any Panel exemptions ⁴	0 disallowed	0 disallowed	0 disallowed	0 disallowed
Applicants (exemptions and advisers) are satisfied with the Panel's processes, as indicated by an external survey	At least 90% of respondents	90% of respondents	100% of respondents	100% of respondents
Legal advisers (takeovers and shareholder meetings) are satisfied with the processes for the reviewing of draft meeting and takeovers documents as indicated by an external survey	At least 90% of respondents	90% of respondents	100% of respondents	100% of respondents
<u>Timeliness</u> Applicants are satisfied with the timeliness of the Panel's decisions regarding approval and exemption applications, as indicated by an external survey	At least 90% of respondents	90% of respondents	100% of respondents	100% of respondents
<u>Revenue</u>	\$858,000 50% ⁵ of forecast revenue	\$879,000 51% of estimated revenue	\$751,972 45% of actual revenue	\$992,932 58% of actual revenue
<u>Cost</u>	\$847,000 50% of forecast expenditure	\$864,000 51% of estimated expenditure	\$732,428 45% of actual expenditure	\$972,922 58% of actual expenditure

⁴ This measure shows that the Panel is exercising its delegated exemption power appropriately and in accordance with the Standing Orders of the House of Representatives.

⁵ Changes to percentages reflect a view that there will be slightly fewer Code transactions, with some takeover transactions being conducted as schemes.

OUTPUT 2: Services for transactions under Companies Act (Code company schemes)

The Panel responds to notifications of schemes of arrangement being undertaken under the Companies Act that involve Code companies (**Code company schemes**), and considers applications for No-objection Statements. The Panel issues Letters of Intention and No-objection Statements in accordance with the Panel's published guidance and procedures.

The Panel will use its Code company schemes resources to:

- Engage with practitioners on their draft proposals for undertaking a Code company scheme;
- Assess the quality of the scheme documents for shareholders and the proposed voting procedures, as against its published policy for the giving of a No-objection Statement;
- Encourage drafters of scheme documents to apply the Panel's guidance on clear, concise and effective disclosure;
- Decide whether to give a No-objection Statement or whether to appear in the High Court to object to a Code company scheme;
- Approve independent advisers for Code company schemes.

Planned performance standards and performance measures for 2019/2020, and estimated outcome for 2018/2019, using actual data to December 2018 and as estimated for the remainder of the year:

Performance Measures	Performance Standards			
	Forecast 2019/2020	Estimated 2018/2019	Actual 2017/2018	Actual 2016/2017
<p>Quantity⁶</p> <p>Review of draft scheme documents including checking for clear, concise and effective drafting as set out in the Panel's guidance note on schemes</p>	100% of 3-5 scheme notifications	100% of 3-4 scheme notifications	3 of 3 scheme notifications	New measure for 2017/2018
<p>Quality</p> <p>Applicants are satisfied with process for No-objection Statements as indicated by an external survey⁷</p>	100% of respondents	100% of respondents ⁸	100% of respondents	100% of respondents

⁶ The number of notifications received is entirely market-driven. The inclusion of estimated quantities is to provide contextual information.

⁷ The process for applying for a No-objection Statement is set out in a published Guidance Note which details the steps that applicants must take (including the information that must be provided to the Panel) in order to receive a No-objection Statement from the Panel.

⁸ The Panel always aims for a 100% success rate, but notes that some schemes can be complex and difficult to manage, and due to the small numbers of schemes estimated, just one unsatisfied applicant would significantly impact the percentage.

Performance Measures	Performance Standards			
	Forecast 2019/2020	Estimated 2018/2019	Actual 2017/2018	Actual 2016/2017
<u>Timeliness</u> Applicants are satisfied with timeliness of Panel's decision, as indicated by an external survey	90% of respondents	90% of respondents	100% of respondents	50% of respondents
<u>Revenue</u>	\$240,000 14% of forecast revenue	\$193,000 11% of estimated revenue	\$150,394 9% of actual revenue	\$188,315 11% of actual revenue
<u>Cost</u>	\$237,000 14% of forecast expenditure	\$186,000 11% of estimated expenditure	\$146,486 9% of actual expenditure	\$184,520 11% of actual expenditure

OUTPUT 3: Review takeovers law and practice

Ensuring that the provisions of the Takeovers Code and other takeovers law are effective and relevant, as assessed by review of law and practice, undertaking policy development (“policy projects”), and recommending amendments to takeovers law as necessary.

Monitoring of market practice and undertaking any policy projects that may arise in response to market practices.

Planned performance standards and performance measures for 2019/2020, and estimated outcome for 2018/2019, using actual data to December 2018 and as estimated for the remainder of the year:

Performance Measures	Performance Standards			
	Forecast 2019/2020	Estimated 2018/2019	Actual 2017/2018	Actual 2016/2017
Quantity				
Policy projects that arise out of market practise	3 projects commenced 3 projects completed	2 projects commenced 2 projects completed ⁹	3 projects completed	3 projects completed
Quality				
Every policy project that involves a recommendation of law reform meets the Panel’s quality assurance criteria (as demonstrated by performance checklists) ¹⁰	100% of the time	100% of the time	N/A	N/A
Timeliness				
Recommendations to the Minister (if any) sent to Ministry within 10 working days of Panel approval of the recommendations ¹¹	100% of the time	100% of the time	N/A	N/A
Revenue	\$172,000 10% of forecast revenue	\$141,000 8% of estimated revenue	\$130,209 8% of actual revenue	\$222,554 13% of actual revenue
Cost	\$170,000 10% of forecast expenditure	\$136,000 8% of estimated expenditure	\$133,684 8% of actual expenditure	\$218,069 13% of actual expenditure

⁹ The technical amendments were commenced 2014/2015. Amendments to the Code came into force in October 2018. Amendments to the Takeovers Act are more likely to come into force in 2019 or 2020.

¹⁰ These quality control measures are intended to ensure that the case for change is robust for any regulatory or policy proposals implemented, or recommended, by the Panel.

¹¹ Panel approval means the later of, being approved by the Panel at a Board meeting or by the Chairman (as authorised by the Panel at a Board meeting).

OUTPUT 4: Public Understanding Services

Inform and educate shareholders, directors and other key stakeholders about the Code and relevant law, and respond to public enquiries.

The Panel will use its public understanding resources to:

- Undertake engagements with market practitioners, company directors, market commentators, and other key stakeholders;
- Disseminate information about itself and the Code;
- Maintain the Panel's website to inform stakeholders and the market;
- Deal with public enquiries about Code matters.

Planned performance standards and performance measures for 2019/2020, and estimated outcome for 2018/2019, using actual data to December 2018 and as estimated for the remainder of the year:

Performance Measures	Performance Standards			
	Forecast 2019/2020	Estimated 2018/2019	Actual 2017/2018	Actual 2016/2017
Quantity				
Number of:				
Code Words published	2	2	2	2
Public enquiries responded to	80-100	80	80	109
Engagements with stakeholders as per Stakeholder Engagement Plan	30-40 individual 4 seminars	35 individual 7 seminars	46 individual 4 seminars	62 individual 4 seminars
Quality				
Market participants found the Panel's published documents, including updates and amendments to those documents made from time to time, were useful, as indicated by an external survey ¹²	At least 90% of respondents	90% of respondents	100% of respondents	100% of respondents
Market participants found the website useful to a considerable or high degree, as indicated by an external survey	At least 90% of respondents	90% of respondents	89.8% of respondents	88.6% of respondents
A Stakeholder Engagement Plan was approved by the Panel ¹³	Will be achieved	Achieved	Achieved	Achieved

¹² The Panel's website includes not only the Panel's own publications but also tools for reducing compliance costs, such as template application forms and a digital calculator for enabling compliance with the Code's timing rules. It also contains a database of all Code-regulated transactions documents and Code company scheme documents and links to relevant legislation.

¹³ The Panel has identified in its Stakeholder Engagement Plan, the key stakeholders with whom it should engage over the 12-month period. The plan helps to ensure that the Panel's Public Understanding resources are used efficiently and coherently and that they contribute to the impacts identified on page 4, above. The Panel reconsiders the plan each year to ensure that it remains relevant and appropriately focused for the achievement of the Panel's impacts.

Performance Measures	Performance Standards			
	Forecast 2019/2020	Estimated 2018/2019	Actual 2017/2018	Actual 2016/2017
<u>Timeliness</u>				
Information is published on the website within 10 working days of final Panel sign-off ¹⁴	100% of the time	100% of the time	100% of the time	100% of the time
Public enquiries are responded to within 3 working days of receiving them	100% of the time	100% of the time	100% of the time	100% of the time
<u>Revenue</u>	\$446,000 26% of forecast revenue	\$528,000 30% of estimated revenue	\$618,495 38% of actual revenue	\$308,151 18% of actual revenue
<u>Cost</u>	\$441,000 26% of forecast expenditure	\$509,000 30% of estimated expenditure	\$634,999 38% of actual expenditure	\$301,941 18% of actual expenditure

¹⁴ Panel sign-off means the later of being approved by the Panel at a Board meeting or by the Chairman (as authorised by the Panel at a Board meeting).

FORECAST FINANCIAL STATEMENTS

For the year ending 30 June 2020

Introduction

The forecast financial statements presented here for the reporting entity, the Takeovers Panel, are prepared pursuant to section 149C of the Crown Entities Act 2004. The Panel is a Crown entity for legislative purposes and a public benefit entity for financial reporting purposes.

The Panel is responsible for the forecast financial statements presented, including the appropriateness of the assumptions underlying the forecast financial statements and all other required disclosures.

The preparation of forecast financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual financial results achieved for the period covered are likely to vary from the information presented, and the variations may be material.

These forecast financial statements have been prepared for the purpose of the 2019/2020 Statement of Performance Expectations of the Takeovers Panel. They are not prepared for any other purpose and should not be relied upon for any other purpose.

The forecast financial statements were authorised for issue by the Takeovers Panel on 30 April 2019.

➤ FORECAST STATEMENT OF FINANCIAL PERFORMANCE

For the year ending 30 June 2020

	Forecast 12 months to 30 June 2020 \$		Estimated 12 months to 30 June 2019 \$
Revenue - Operating		Note	
Government grant-baseline funding	1,494,000	3	1,494,000
Interest	24,000		27,000
Application fees and costs recoverable	181,000	4	198,000
Other revenue	0		20,000
Total operating revenue	1,699,000		1,739,000
Revenue - Litigation fund			
Interest	17,000		20,000
Total litigation fund revenue	17,000		20,000
Total revenue	1,716,000		1,759,000
Operating expenditure			
Services and supplies	757,000	5	812,000
Personnel costs	938,000	6	883,000
Total operating expenditure	1,695,000		1,695,000
Expenditure - Litigation fund	0		0
Total expenditure	1,695,000		1,695,000
Net surplus/(deficit)	21,000		64,000
This is comprised of:			
Operating surplus/(deficit)	4,000		44,000
Litigation surplus/(deficit)	17,000		20,000
	21,000		64,000

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements.

▶ FORECAST STATEMENT OF FINANCIAL POSITION

For the year ending 30 June 2020

	Forecast as at 30 June 2020 \$	Estimated as at 30 June 2019 \$
Current assets		
Bank accounts and cash - operations	234,000	238,000
Bank accounts and cash – litigation fund	122,000	122,000
Short term deposits – operations	870,000	821,000
Short term deposits – litigation fund	602,000	588,000
Interest receivable – operations	3,000	4,000
Interest receivable – litigation fund	8,000	5,000
Debtors and prepayments	72,000	81,000
Total current assets	1,911,000	1,859,000
Non-current assets		
Property, plant and equipment	37,000	51,000
Total non-current assets	37,000	51,000
Total assets	1,948,000	1,910,000
Current liabilities		
Creditors and accrued expenses	65,000	58,000
Employee costs payable	50,000	40,000
Total current liabilities	115,000	98,000
Accumulated Funds		
Capital contribution	150,000	150,000
Operating funds	951,000	947,000
Litigation fund	732,000	715,000
Total equity	1,833,000	1,812,000
Total equity and liabilities	1,948,000	1,910,000

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements.

> FORECAST STATEMENT OF CASH FLOWS

For the year ending 30 June 2020

	Forecast 12 months to 30 June 2020 \$	Estimated 12 months to 30 June 2019 \$
Cash flows from operating activities		
Cash was received from:		
Government grant - operations	1,494,000	1,494,000
Application fees and costs recoverable	185,000	201,000
Interest	39,000	50,000
Other revenue	0	20,000
Good and Services Tax (net)	2,000	2,000
Cash was disbursed to:		
Suppliers	(510,000)	(589,000)
Employees and Members	(1,132,000)	(1,081,000)
Net cash inflow (outflow) from operating activities	78,000	97,000
Cash flows from investing and financing activities		
Cash was applied to:		
Payments to acquire property, plant and equipment	(19,000)	(46,000)
Payments to purchase investments	(63,000)	(47,000)
Net cash inflow (outflow) from investing and financing activities	(82,000)	(93,000)
Net increase / (decrease) in cash	(4,000)	4,000
Add opening cash	360,000	356,000
Closing cash	356,000	360,000

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements.

> NOTES TO THE FORECAST FINANCIAL STATEMENTS

For the year ending 30 June 2020

1. STATEMENT OF SIGNIFICANT ASSUMPTIONS

The Panel is responsible for the forecast financial statements presented, including the appropriateness of the assumptions underlying the forecast financial statements and all other required disclosures. The preparation of these forecast financial statements requires the Panel to make judgements, estimates and assumptions that affect the application of accounting policies and the forecast amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and the variation may be material.

Estimates and assumptions used in these forecast financial statements are based on the best information available to the Panel at the time of their preparation. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the forecast financial statements are described in the following significant assumptions. It is not intended to update the forecast financial statements subsequent to publication of these statements.

2. ESTIMATED FINANCIAL STATEMENTS FOR 2018/2019

The 2018/2019 estimated financial statements include actual results up to the end of December 2018 and an estimate of the outcome for the remaining six months of the year taking account of work on hand and expected developments in the final months of the financial year. These figures are therefore not the same as those included for 2018/2019 in the Panel's 2018/2019 SPE.

3. GOVERNMENT APPROPRIATION

The Government appropriation is as per the amount allocated for "*Administration of the Takeovers Code*" for the year 2019/2020.

4. APPLICATION FEES AND COSTS RECOVERABLE

The Panel forecasts third party income of \$181,000 in 2019/2020. This assumes no revenue from meetings under section 32 of the Takeovers Act 1993 (under which section the Panel may make orders, in certain circumstances, for the recovery of its costs in holding the meeting), on the assumption that no such meetings will be held.

5. SERVICES AND SUPPLIES

The Panel forecasts spending \$757,000 on services and supplies in 2019/2020, a decrease of \$55,000 under the expected services and supplies cost in 2018/2019. This is on the basis that the costs for rebranding and website update will not be incurred in 2019/2020 in addition to an expected reduction in experts' reports.

6. PERSONNEL COSTS

The Panel forecasts spending \$938,000 on personnel costs in 2019/2020, an increase of \$55,000 over the expected personnel costs in 2018/2019. This is on the basis of a number of legal staff moving through Post Qualification Experience bands.

7. OVERALL RISK OF FORECAST REVENUE EXPECTATIONS NOT BEING MET

These forecast financial statements are presented on the basis that, other than matters stated above under the statement of significant assumptions, there will be no other significant change to the nature of the Panel's operations or its principal activities in the period covered by the forecast financial statements.

The level of Panel income from exemptions, approvals, enforcement and schemes work is difficult to predict. In a related vein, the level of the Panel's takeover activity and schemes of arrangement activity is dependent on the level and nature of takeover market activity.

8. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The separate forecast financial statements presented here are for the reporting entity, the Takeovers Panel, for the year ending 30 June 2020. The Panel has elected to apply Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) and is eligible to do so with total operating expenses below \$2 million. These forecast financial statements have been prepared in compliance with NZ Generally Accepted Accounting Practice. All transactions are reported using the accrual basis of accounting and on the assumption that the Panel is a going concern.

Basis of measurement

The accounting principles recognised as appropriate for the measurement and reporting of results and financial position on an historical cost basis have been applied.

Functional and presentational currency

These forecast financial statements are presented in New Zealand dollars (\$), which is the Panel's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand dollars.

Changes in accounting policy

There have been no changes in accounting policy.

Significant Accounting Policies

Significant accounting policies set out below have been applied consistently to all periods in these financial statements.

a **Revenue recognition**

The Government grant is recognised as revenue when earned and is reported in the financial period to which it relates. Revenue from application fees and costs recoverable is recognised when the relevant services are provided or when the Panel has made the relevant determination under section 32 of the Takeovers Act.

Interest is recorded as revenue as it is earned during the period.

b **Litigation fund**

Interest revenue and expenditure on approved litigation fund matters are reported as revenue and expenditure of the Panel in the financial period in which they were derived or incurred.

Reimbursements from the Crown to top up the fund are reported as income in the period to which the Panel's claim for reimbursement relates. The balance of the fund is disclosed as a component of equity in the statement of financial position.

c **GST**

All items in financial statements are exclusive of GST with the exception of trade and other receivables and trade and other payables which are stated with GST included.

The statement of cash flows has been prepared on a net GST basis. That is, cash receipts and payments are presented exclusive of GST. A net GST presentation has been chosen to be consistent with the presentation of the statement of financial performance and statement of financial position. The net GST component of operating activities reflects the net GST paid to and received from the Inland Revenue Department. The GST component has been presented on a net basis as the gross amounts would not provide meaningful information for financial statement purposes.

d **Cost allocation policy**

For the purposes of the statement of service performance direct costs are charged directly to outputs. Indirect costs are allocated on the basis of direct labour hours spent on each output.

e **Income tax**

The Panel is exempt from income tax under the Income Tax Act 2007.

f **Trade and other receivables**

Debtors and other receivables are initially measured at the amount owed. Impairment is recorded when it is likely that the amount owed will not be collected, in which case the loss is recorded as a bad debt expense.

g **Trade and other payables**

Creditors and other payables are initially measured at the amount owing. If an invoice has not received an accrual for the estimated amount to be paid is recorded.

h **Bank accounts and cash**

Bank accounts and cash comprise cash balances on hand, held in cheque or savings accounts and deposits held at call with bank accounts that form part of the Panel's day-to-day cash management.

i **Term deposits**

This category includes all term deposits.

j **Property, plant and equipment**

Property, plant and equipment are shown at cost or deemed cost less depreciation, and less any impairment losses. The following classes of property, plant and equipment have been depreciated over their economic lives on the following basis:

- office furniture 8.5 – 10.5 percent straight line
- office equipment 17.5 – 40 percent straight line

Intangible assets – computer software that is not integral to the operation of the hardware is recorded as an intangible asset and amortised on a straight line basis over a period of three years.

k **Short term employee benefits**

Employee costs payable represent the Panel's liability for employee annual leave entitlements and salaries accrued up to balance date. This has been calculated on an accrued entitlement basis which involves recognising the undiscounted amount of short term employee benefits expected to be paid in exchange for service that an employee has already rendered. This is calculated at current remuneration rates.

l **Contingent liabilities**

Contingent liabilities are disclosed if the possibility that they will crystallise is not remote. There are no contingent liabilities forecast in 2019/2020.