19
20

Banking
Ombudsman
Scheme

What we do.

CONTENTS

We make banking better

Our purpose

To help resolve and prevent problems to improve banking for customers and banks

Our values

We offer a service that is accessible, independent, fair and efficient

---

Resolving complaints +

Listen

actively, objectively and empathetically to guide and help both sides

Facilitate

early, mutually agreed solutions

Decide

promptly and clearly, to put things right

Preventing complaints

Identify

the root causes of complaints

Share

insights to encourage best practice by banks and informed decisions by customers

Collaborate

with stakeholders and other agencies to build financial capability and promote high standards of conduct

"The scheme has engaged with a wide range of stakeholders, including consumer groups, regulators, bank chief executives and our international counterparts to ensure fair customer outcomes."

Miriam Dean

Our board *From left to right:* **Donna Cooper, Angie Mentis, Miriam Dean** CNZM QC *Independent Chair,* **Kenina Court, Sue Chetwin.**

accessible

" BOS is the best known of the financial dispute resolution schemes, by a considerable margin. "

Deborah Hart | *Scheme reviewer 2019*

What we did

Cases received

4582

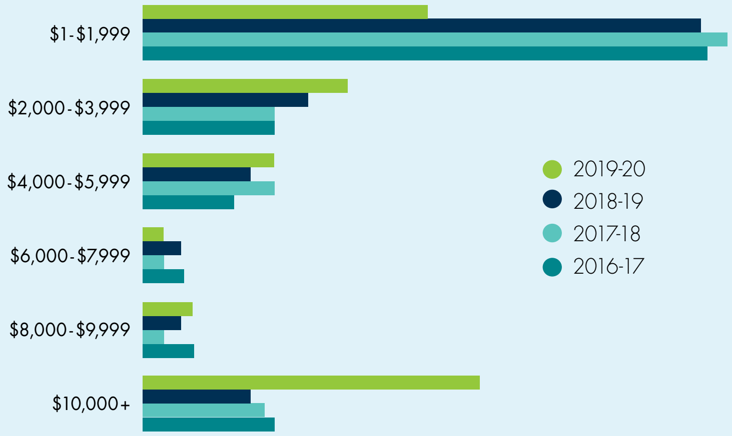
Enquiries 1472

Complaints 2966

Disputes 144

Financial compensation

$1 million recommended in compensation



> “Listened carefully, understood completely, acted promptly. **Brilliant.**”

Complainant | *From the Banking Ombudsman review* | Dec 2019

How we facilitate fair outcomes

- Apologies
- Explanations
- Debt repayment plans
- Compensation
- Fees waived
- Policy changes

Trends

↑	Early repayment charges	41%
↑	Family disagreements	35%
↑	Deceased estates	24%
↓	Mortgagee sale process	54%
↓	Binary options	58%
↓	Statement fees	76%

Who uses us

54% Male	45% Female	1% Another gender

0-29	30-39	40-49	50-59	60-69	70+
5%	11%	14%	27%	26%	17%

CASE STUDY

Customer not at fault for scam losses

Carol was 75 and was not computer-savvy.

A scammer phoned her, pretending to be from her telco provider, and said someone was accessing her WiFi and obtaining her personal information. However, he could fix the problem if she gave him remote access to her computer. She was initially suspicious, but agreed, thinking he could read only what was on her screen. He insisted she not give him her bank details or passwords.

Bank records showed her internet banking was accessed twice and nearly $20,000 transferred to an account at another bank that could not be recovered. The transaction generated a code that was sent to Carol's mobile phone. The scammer gained access to the code as he had also obtained remote access to Carol's mobile phone.

Carol's bank said she was negligent for allowing the scammer access to her internet banking and declined to compensate her.

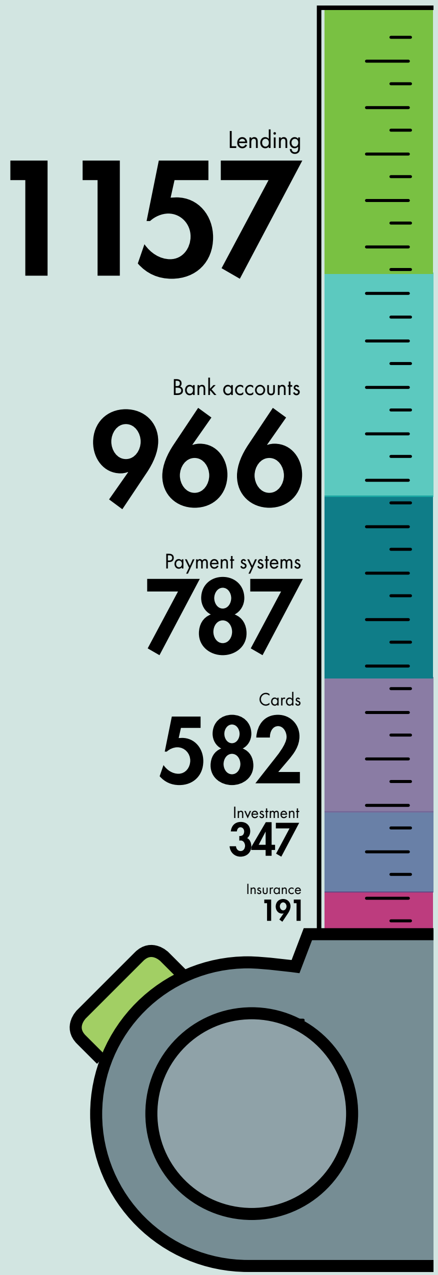
Our investigation

We found nothing to show Carol had been negligent. She believed the scammer to be genuine, and the fact she fell victim to a scam did not mean she had failed to take reasonable care. We also found nothing to show Carol knew the scammer was accessing her password when she logged on to internet banking or that he was controlling her computer. Carol did not know the scammer had access to her mobile phone, and she did not read out the code sent to it. The bank agreed to compensate her fully.

Read the full case note on our website

We found these main problem areas

Lending remains our most common problem



Bank closed accounts based solely on staff allegations

The teller demanded two signatures before Anahera could deposit a cheque.

Anahera tried to deposit a foreign cheque in an account held jointly with her brother. Either could deposit or withdraw money from the account without the signature of the other. However, the teller insisted the account's terms and conditions demanded her brother's signature too before she could deposit the cheque. This was incorrect.

Days later, she returned to the branch and became frustrated when the bank again refused to deposit the cheque for the same reason. The bank sent her a letter saying she had behaved unacceptably and it would consider closing her accounts if her behaviour towards staff continued. She complained to us and the bank acknowledged its error. It sent a letter of apology to Anahera and promised to train staff better in processing foreign cheques.

A month later, she tried to deposit another foreign cheque and met the same problem, despite referencing the bank's letter of apology. She became frustrated and lodged a complaint on the bank's website later in the day – the bank replied the same day saying it was closing her accounts because of her continued abusive behaviour.

The outcome

We found the bank had not followed an appropriate process before closing Anahera's accounts. It did not examine CCTV footage of Anahera in the branch, did not consider her complaint, and based the closure decision solely on the word of staff involved in the exchange. We later viewed the CCTV footage and were of the view Anahera's behaviour was reasonable and innocuous – and the bank agreed with this.

We recommended the bank compensate Anahera for the stress and inconvenience it had caused her, and that it also send her a letter acknowledging its failings. Anahera was happy with this outcome.

"We are here to speak up - and speak up plainly - when we see poor customer service and unsatisfactory customer outcomes. We challenge banks to improve their culture and processes."

Nicola Sladden | Banking Ombudsman

whistle blowing

The scheme scoped and decided to establish a whistleblowing service for bank employees. A whistleblowing function is consistent with the scheme's strategic focus on promoting high standards of conduct and using insights to lift banking standards. There is a strong connection between the environment banks create for their staff and the resulting outcomes for customers.

what we noticed

When we see an issue that could affect other bank customers, we act on it to improve the system for everyone.

Some of the wider issues we identified were:

- **Term deposit maturity dates:** we asked banks to review their practices and terms and conditions to ensure customers were not disadvantaged by term deposits maturing on non-business days.
- **Chargebacks:** we identified that a bank had wrongly declined chargeback requests and the bank partially reimbursed the affected customers.
- **Fraud liability:** we asked a bank to review its terms and conditions to ensure they are consistent with the bank's obligations to reimburse fraud losses under the Code of Banking Practice and that they clearly explain the circumstances where a customer will be responsible for fraud losses.
- **Technical errors:** we worked with banks to ensure they appropriately addressed any impact on customers resulting from technical errors in their systems.

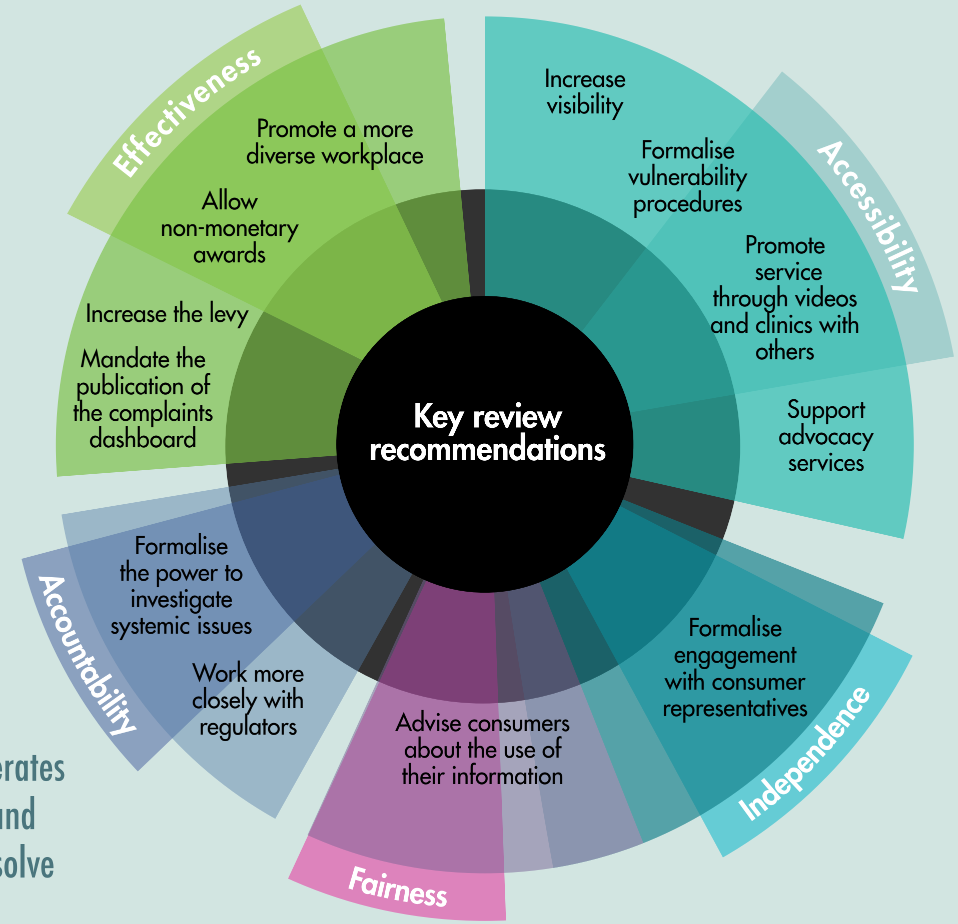
Review

Independent review 2019

As an approved scheme under the Financial Service Providers (Registration and Dispute Resolution) Act 2008, the Banking Ombudsman Scheme is required to commission an independent review and provide a report to the Minister every 5 years. Deborah Hart was engaged to conduct the review in 2019.

The review found that BOS meets the legislative requirements for an approved scheme, we comply with our terms of reference and we are meeting our strategic objectives.

A full copy of the review and its recommendations is available on our website.



> “BOS is a highly effective dispute resolution scheme. It operates with integrity and professionalism. It is outward-looking and proactive in finding ways to both prevent disputes and resolve them. It has also been nimble in responding to changing conditions. Particularly notable is a significantly increased workload, whilst also markedly improving its prevention function.”

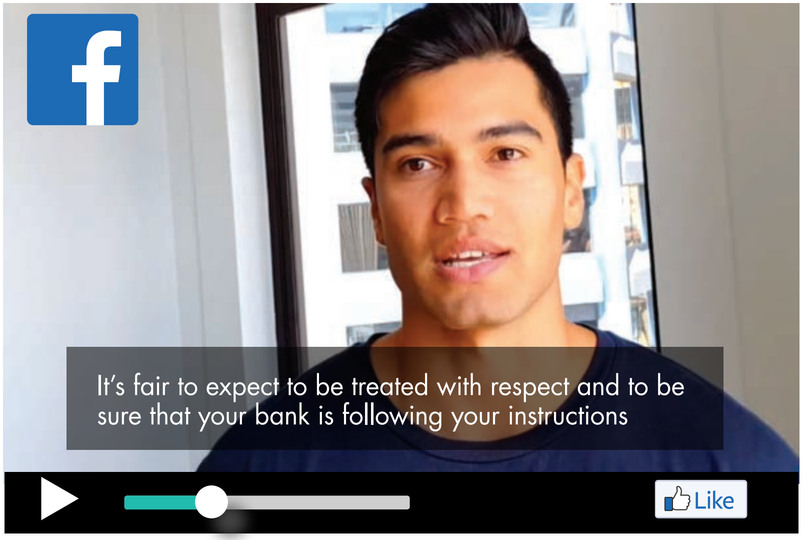
Deborah Hart

BOS makes itself readily available to customers by promoting knowledge of its services, being easy to use and having no cost barriers.

we talk to the community

We increased our engagement with consumer advocacy groups.

50%	244k	115	47%
Increase in social media followers	Website users	Media mentions	Complaints received online



Facebook campaign reached 78k viewers.

Teddy strikes back

Anti-scam campaign reaches

990k

aged 55 and over during Oct & Nov 2019

COVID-19

How we responded

1. We set up our team to work from home under level 3 & 4 lockdown.
2. We worked with the NZBA, FinCap and banks to continue to ensure fair outcomes for customers.
3. We developed a dedicated FAQ page for information relating to COVID-19 and banking.

"Even though COVID-19 pressures were mounting I very quickly got a full and helpful reply... Great service!"

Complainant | May 2020

We are making current statistics more available

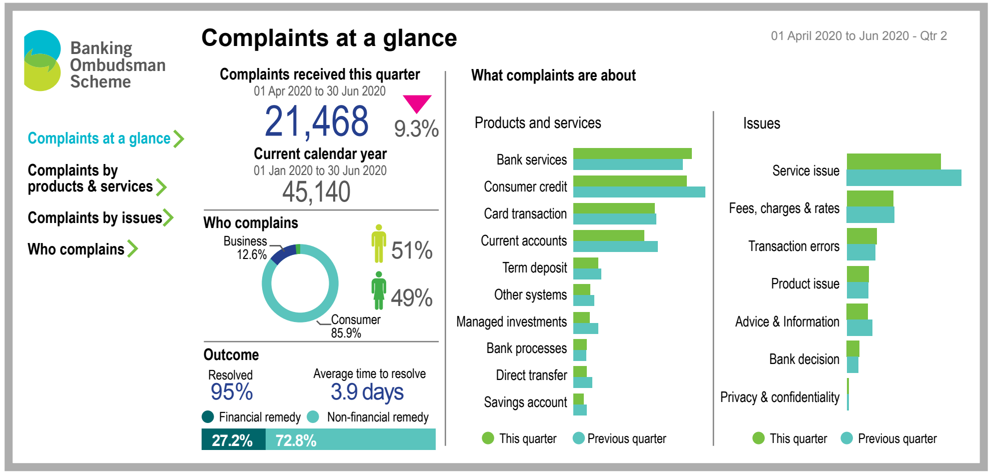
We developed an industry-wide complaints dashboard along with our member banks who agreed to provide us with anonymised data about complaints they receive.

Having access to comprehensive, sector-wide data means we can identify problems early on, prevent any escalation, and develop more actionable insights.

The interactive dashboard, which is available on our website and updated quarterly, breaks down complaints by product and service type and the underlying problem. It also shows how long each type of complaint took to resolve and what the outcome was. Complainants are profiled by age, gender, location and whether they are an individual, business or trust. Data on complaints about individual banks will be shown in 2021. Customers will then see how their bank's complaints and complaints-handling record compares with other banks.

Complaints dashboard

View the interactive dashboard online at bankomb.org.nz/complaints-dashboard.



We're confident the dashboard will:

- help customers understand which products and services most often lead to complaints
- help customers see how banks perform in responding to complaints
- help banks learn how to improve their products and services
- help us anticipate trends and offer timely advice
- help regulators monitor the soundness of the banking sector.

Cases by bank

Bank	Enquiries received[1]	Complaints received	Disputes received	Total	% of our cases	% of total assets^
Large^						
ANZ Bank NZ	89	746	44	**879**	**19.2**	**29.9**
ASB Bank	84	470	23	**577**	**12.6**	**19.2**
BNZ	58	376	18	**452**	**9.9**	**19.0**
Westpac NZ	95	593	20	**708**	**15.5**	**18.8**
Medium^						
Heartland	63	54	3	**120**	**2.6**	**0.8**
HSBC	8	5	2	**15**	**0.3**	**1.2**
Kiwibank	76	445	13	**534**	**11.7**	**4.2**
Rabobank	5	10	0	**15**	**0.3**	**2.9**
SBS	101	77	6	**184**	**4.0**	**0.9**
The Co-operative Bank	14	54	4	**72**	**1.6**	**0.5**
TSB	8	72	5	**85**	**1.9**	**1.4**
Small^						
Bank of Baroda	1	10	0	**11**	**0.24**	**<0.5**
Bank of China	1	6	3	**10**	**0.22**	**0.6**
Bank of India				**0**	**0**	**<0.5**
China Construction Bank	0	1	0	**1**	**0.02**	**0.5**
Citibank	3	0	0	**3**	**0.07**	**<0.5**
ICBC	5	1	1	**7**	**0.15**	**<0.5**
Nelson Building Society	5	2	1	**8**	**0.17**	**<0.5**
NZCU Baywide	13	40	1	**54**	**1.2**	**<0.5**
Bank not specified*	843	4		**847**		
Overall total	**1472**	**2966**	**144**	**4582**		

"Insights and case notes are valuable for driving towards a consistent and effective customer resolution experience across banking as a whole in NZ."

Bank participant | May 2020

^ Participants are classified according to total assets at 31 December 2019 as verified by participants in May 2020.

* Includes calls about non-participants.

[1] Includes calls where a customer intended to call their bank instead of BOS i.e. wrong number.

Completed disputes by bank

Scheme participant	Outside jurisdiction		Result for both parties		Result for customers		Result for banks*		Total by bank		% of total assets^
	18-19	19-20	18-19	19-20	18-19	19-20	18-19	19-20	18-19	19-20	19-20
Large^											
ANZ Bank NZ	3	3	7	15	1	3	18	20	29	41	29.9
ASB Bank	3	4	8	11	-	1	17	10	28	26	19.2
BNZ	2	2	5	3	-	-	9	13	16	18	19.0
Westpac NZ	2	3	16	8	1	7	41	15	60	33	18.8
Medium^											
Heartland Bank	-	-	-	1	-	-	1	5	1	6	0.8
HSBC NZ	-	-	-	-	-	-	1	2	1	2	1.2
Kiwibank	2	-	5	8	3	3	8	3	18	14	4.2
Rabobank NZ	-	-	-	-	-	-	-	-	-	-	2.9
SBS Bank	1	-	2	1	1	-	3	3	7	4	0.9
The Co-operative Bank	1	-		1	-	-	4	3	5	4	0.5
TSB Bank	-	1	3	3	1	3	5	3	9	10	1.4
Small^											
Bank of Baroda NZ	-	-	-	-	-	-	-	-	-	-	<0.5
Bank of China NZ	-	3	-	-	-	-	-	-	-	3	0.6
Bank of India NZ	-	-	-	-	-	-	-	-	-	-	<0.5
China Construction Bank NZ	-	-	-	-	-	-	-	-	-	-	0.5
Citi NZ	-	-	-	-	-	-	-	-	-	-	<0.5
ICBC NZ	-	-	-	1	-	-	-	-	-	1	<0.5
Nelson Building Society	-	-	-	1	-	-	-	-	-	1	<0.5
NZCU Baywide	-	-	-	-	-	-	-	-	-	-	<0.5
Total	**14**	**16**	**46**	**53**	**7**	**17**	**107**	**77**	**174**	**163**	

^ Participants are classified according to total assets as 31 December 2019 as verified by participants in May 2020

* Includes abandoned and withdrawn disputes

- Means no completed disputes.

Financial statements

DIRECTOR'S REPORT

Banking Ombudsman Scheme Limited
for the year ended 30 June 2020

The Board of Directors present their annual report of Banking Ombudsman Scheme Limited, incorporating the financial statements and the independent auditors' report, for the year ended 30 June 2020.

The shareholder of the company has exercised her right under Section 211(3) of the Companies Act 1993 and agreed that the annual report of the company need not comply with paragraphs (a) and (e) to (j) of section 211(1) of the Act.

For and on behalf of the Board:

Miriam Dean CNZM QC
Chair

Kenina Court
Director

18 September 2020

Building a better working world

INDEPENDENT AUDITOR'S REPORT

Chartered Accountants

To the Shareholder of Banking Ombudsman Scheme Limited
Report on the audit of the financial statements

Opinion

We have audited the financial statements of Banking Ombudsman Scheme Limited ("the Company") on pages 19 to 32, which comprise the statement of financial position of the Company as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended of the Company, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements on pages 19 to 32 present fairly, in all material respects, the financial position of the Company as at 30 June 2020 and its financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

This report is made solely to the Company's shareholder. Our audit has been undertaken so that we might state to the Company's shareholder those matters 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 the Company and the Company's shareholder, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). 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 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) 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 in our capacity as auditor we have no relationship with, or interest in, the Company. Partners and employees of our firm may deal with the Company on normal terms within the ordinary course of trading activities of the business of the Company.

Information other than the financial statements and auditor's report

The directors of the Company are responsible for the Annual Report, which includes information other than the financial statements and auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the financial statements

The directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime, and for such internal control as the directors 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 directors are responsible for assessing on behalf of the Company 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 directors either intend to liquidate the Company or 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 International Standards on Auditing (New Zealand) 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 our responsibilities for the audit of the financial statements is located at the External Reporting Board website: https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/. This description forms part of our auditor's report.

Ernst + Young

Wellington | 21 September 2020

Banking Ombudsman Scheme Limited

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

The accompanying notes to the financial statements on pages 23-32 form part of and should be read in conjunction with this statement.

	NOTE	2020	2019
Income			
Covid -19 rent concession	3,17	11,149	-
Interest income - financial assets at amortised cost		7,641	22,255
Levies	5	2,760,000	2,400,000
Other income		1,128	878
Prevention advertising campaign income		-	240,000
Whistleblowing service scoping income		30,000	-
Total income		**2,809,918**	**2,663,133**
Expenses			
Expenses			
Audit fees		12,240	12,850
Board controlled costs		15,343	23,480
Complaints data hub expenses		298,702	-
Contingency		-	70,500
Contractors and external advice		124,388	105,763
Depreciation	6	191,523	38,921
Amortisation	9	10,142	7,709
Directors' remuneration	12	155,330	129,258
Entertainment		3,513	5,392
Independent review		37,764	-
Interest - lease liabilites	17	26,063	-
Kiwisaver/Superannuation		54,617	49,481
Loss on disposal of property, plant and equipment		2,550	574
Office costs		72,100	81,901
Prevention advertising campaign expenses		-	256,108
Publications and promotions		15,917	20,068
Low cos/short-term leases (comparatives include operating lease payments)		7,177	147,694
Staff salaries		1,716,614	1,454,173
Staff costs - other		54,211	36,050
Staff costs - recruitment		751	2,652
Technology and website costs		119,839	104,512
Travel and conferences		37,723	42,396
Website expenses		10,350	-
Whistleblowing service scoping expenses		30,000	-
Total expenses		**2,996,857**	**2,589,482**
Net profit /(loss) before taxation		**(186,938)**	**73,651**
Taxation			
Income tax expense	10	2,100	6,057
Net profit /(loss) after taxation		**(189,038)**	**67,594**
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**(189,038)**	**67,594**

Banking Ombudsman Scheme Limited

Statement of changes in equity

For the year ended 30 June 2020

The accompanying notes to the financial statements on pages 23-32 form part of and should be read in conjunction with this statement.

	NOTE	20	19
Share capital			
Shareholder's capital		1	1
Total share capital		**1**	**1**
Retained earnings			
Opening balance		856,578	788,984
Total comprehensive income /(loss) for the year		(189,038)	67,594
Total retained earnings		**667,540**	**856,578**
Equity			
Opening balance		856,579	788,985
Total comprehensive income /(loss) for the year		(189,038)	67,594
Total equity		**667,541**	**856,579**

Banking Ombudsman Scheme Limited

Statement of financial position

As at 30 June 2020

The accompanying notes to the financial statements on pages 23-32 form part of and should be read in conjunction with this statement.

	NOTE	2020	2019
Assets			
Current assets			
Cash and cash equivalents	8	318,856	100,356
Trade and other receivables		872,850	793,500
Income tax receivable	10	5,437	-
Prepaid expenses		18,066	36,427
Term deposits and accrued interest	14	-	672,626
Total current assets		**1,215,208**	**1,602,909**
Non current assets			
Property, plant and equipment	7	229,873	208,331
Intangibles	9	192,245	-
Right-of-use asset	17	456,167	-
Work in progress - intangibles		138,279	19,050
Total non current assets		**1,016,564**	**227,381**
Total assets		**2,231,772**	**1,830,290**
Liabilities			
Current liabilities			
Sundry payables and accruals	15	251,484	198,436
Gst payable		72,392	76,646
Credit card		7,009	4,302
Income tax payable	10	-	3,277
Income in advance		759,000	690,000
Vodafone new zealand		1,056	1,050
Lease liability	17	165,381	-
Total current liabilities		**1,256,323**	**973,711**
Non current liabilities			
Leases liability	17	307,908	-
Total non current liabilities		**307,908**	**-**
Total liabilities		**1,564,232**	**973,711**
Net assets		**667,541**	**856,579**
Equity			
Share capital		1	1
Retained earnings		667,540	856,578
Total equity		**667,541**	**856,579**

Signed By:

Chair Miriam Dean CNZM QC
18 September 2020

Director Kenina Court
18 September 2020

Banking Ombudsman Scheme Limited

Statement of cash flows

For the year ended 30 June 2020

The accompanying notes to the financial statements on pages 24-32 form part of and should be read in conjunction with this statement.

	NOTE	2020	2019
Cash flow			
Cash flow from operating activities			
Cash was received from:			
Receipts from levies		2,760,000	2,400,000
Other income		31,128	240,878
Interest		20,774	9,926
Income tax refunded		-	3,674
Total cash was received from:		**2,811,902**	**2,654,478**
Cash was applied to:			
Payments to suppliers and employees		(2,709,611)	(2,576,718)
Income tax paid		(10,813)	-
Interest portion of lease liability		(26,063)	-
Total cash was applied to:		**(2,746,487)**	**(2,576,718)**
Total cash flow from operating activities		**65,415**	**77,760**
Cash flow from investing activities			
Cash was received from:			
Funds received from term deposits maturing		659,494	-
Total cash was received from:		659,494	-
Cash was applied to:			
Purchase of property, plant and equipment		(69,713)	(12,711)
Purchase of intangibles		(321,616)	(19,050)
Funds invested in term deposits		-	(305,096)
Total cash was applied to:		**(391,329)**	**336,857)**
Total cash flow from investing activities		**268,165**	**(336,857)**
Cash flow from financing activities			
Cash was applied to:			
Principal portion of lease liability		(115,080)	-
Total cash was applied to:		**(115,080)**	**-**
Total cash flow from financing activities		**(115,080)**	**-**
Net increase / (decrease) in cash held		218,500	(259,097)
Opening cash balance			
Opening cash balance		100,356	359,453
Ending cash to carry forward	8	318,856	100,356

Banking Ombudsman Scheme Limited

Notes to the financial statements

For the year ended 30 June 2020

1. Corporate information

The financial statements of the Company for the year ended 30 June 2020 were authorised for issue on 18 September 2020.

The Company was incorporated on 19 June 2007 and is incorporated and domiciled in New Zealand.

The Company provides a free, independent and impartial dispute resolution mechanism for those receiving "banking services" from the participating banks and non-bank deposit-takers in New Zealand.

2. Summary of significant accounting policies

(a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Companies Act 1993 and the Financial Reporting Act 2013.

The financial statements comply with New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ('NZ IFRS RDR').

The Company is eligible to apply Tier 2 For-profit Accounting Standards (New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ('NZ IFRS RDR')) on the basis that it does not have public accountability and is not a large for-profit public sector entity. The Company has elected to report in accordance with NZ IFRS RDR and disclosure exemptions have been applied where applicable.

The financial statements are presented in New Zealand dollars ($), rounded to the nearest dollar.

(b) Basis of measurement

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by the Company.

3. Changes in accounting policies

The Company adopted NZ IFRS 16 Leases ("NZ IFRS 16"), which replaces NZ IAS 17 Leases ("NZ IAS 17") and NZ IFRIC 4 Determining whether an Arrangement Contains a Lease, in the current period. Information on the adoption of NZ IFRS 16 is provided in Note 17. As explained in Note 17, the Company used the modified retrospective approach when it adopted NZ IFRS 16. As a consequence of that:

- The leases accounting policy for the current period (i.e. the period to 30 June 2020) complies with NZ IFRS 16
- The leases accounting policy for the comparative period (i.e. the period to 30 June 2019) complies with NZ IAS 17
- The leases note (Note 17) for the current period discloses information in accordance with NZ IFRS 16
- The leases note (Note 17) for the comparative period discloses information in accordance with NZ IAS 17

Leases

The Company is a lessee.

As explained in Note 17, the Company adopted NZ IFRS 16 in the current period, using the modified retrospective approach. As aconsequence of that, the leases accounting policy for the current period complies with NZ IFRS 16 and the leases accounting policy for the comparative period complies with NZ IAS 17.

For the current year

Leases are accounted for by recognising a right-of-use asset and a lease liability.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate. On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee
- The exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of a termination option being exercised

During the year, the Company's landlord offered the Company a 50% reduction in rent over COVID -19 lockdown levels 3 and 4. Rather than accounting for the rent concession as a lease modification, the Company applied the practical expedient to account for the change in rent by recalculating the lease liability on the date the rent concession was agreed (May 2020). The difference between the carrying amount at the modification date and remeasured lease liability has been recognised as income ($11,149) in the statement of profit or loss and other comprehensive income (note 17).

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease
- Initial direct costs incurred
- The amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, or when future lease payments will change as a result of a market rent review, except that, in such circumstances, the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- In all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on themodification date, with the right-of-use asset being adjusted by the same amount
- If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease, with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

During the year, the Company accepted the first right of renewal for its lease at Level 5, 1 Post Office Square. With the renewal,the lease payments were increased from $12,828/month to $15,275/month. The Company has accounted for the rent increase as a lease modification and, accordingly, adjusted the carrying amount of the lease liability and right-of-use asset on 1 April 2020 by way of an increase of $90,107 (note 17).

For the comparative year

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Adoption of NZ IFRS 16 Leases

NZ IFRS 16 replaces NZ IAS 17 and NZ IFRIC 4.

The Company adopted NZ IFRS 16 on 1 July 2019 using the modified retrospective approach, which means that the comparative figures have not been restated. Instead, the changes required on NZ IFRS 16 adoption have been processed at the date of initial application (i.e. 1 July 2019) and recognised in retained earnings at that date.

At the date of adopting NZ IFRS 16, the Company was a lessee in the lease of building and a Canon photocopier. As a lessee, the Company previously classified leases under NZ IAS 17 as operating or finance leases, based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. The building and photocopier lease were classified as an operating lease and lease payments were recognised on a straight-line basis over the term of the lease.

For lessees, NZ IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases (except those leases where the lease term is 12 months or less, or where the underlying asset is of low value). NZ IFRS 16 substantially carries forward the lessor accounting requirements of NZ IAS 17, with the distinction between operating leases and finance leases being retained; at the date of NZ IFRS 16 adoption, this was not relevant to the Company, as the Company was not a lessor.

On adopting NZ IFRS 16, the Company recognised a lease liability and a right-of-use asset for its building lease. The lease liability at 1 July 2019 was equal to the remaining lease payments, discounted at the Company's incremental borrowing rate on 1 July 2019 (which was 5.73%). The right-of-use asset was equal to the lease liability, adjusted for prepaid or accrued lease payments at 30 June 2019 (which was accrued lease payments of $8,947. Upon reassessing the carrying amount of the lease liability and right-of-use asset due to the lease modification, the incremental borrowing rate was also reassessed on 1 April 2020 (reassessed to 4.50%).

In its NZ IFRS 16 adoption, the Company elected to apply the following practical expedients when applying NZ IFRS 16 to its building lease (which had previously been classified as an operating lease under NZ IAS 17):

- Instead of performing an impairment review, the Company assessed whether its building lease was onerous by applying NZ IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application of NZ IFRS 16 – the Company concluded that the lease was not onerous

In its NZ IFRS 16 adoption, the Company elected to apply the following practical expedients when applying NZ IFRS 16 to its photocopier lease (which had previously been classified as an operating lease under NZ IAS 17):

- The Company has excluded the lease relating to the Canon photocopier due to the asset being classified as low-value (under $5,000 USD)

The following table presents the impact of adopting NZ IFRS 16 on the statement of financial position as at 1 July 2019:

		30 June 2019		1 July 2019
Assets	Adjustments	Original	NZ IFRS 16	Updated
Right-of-use assets	(a)	-	509,412	509,412
Liabilities				
Lease liabilities	(b)	-	518,359	518,359
Accruals	(c)	110,936	(8,947)	101,989

(a) The adjustment to right-of-use assets is as noted in note 17

(b) The adjustment to the lease liability is as noted in note 17

(c) The adjustment to accruals is as noted in note 17

The following table reconciles the minimum lease commitments disclosed in the Company's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

Minimum operating lease commitment at 30 June 2019 (note 17)	**111,582**
Add: Adjustment to correct minimum operating lease commitment at 30 June 2019	12,828
Updated minimum operating lease commitment at 30 June 2019	**124,410**
Less: Low value leases not recognised under NZ IFRS 16	(8,996)
Less: Present value of the lease commitments at 30 June 2019	(2,669)
Present value of the lease payments due in periods covered by extension options that are included in the lease term and not previously included in operating lease commitments	405,613
Lease liability as at 1 July 2019 (note 17)	**518,359**

4. Accounting policies

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments with a maturity term of less than 90 days.

Accounts receivables

Accounts receivable and other receivables are initially measured at fair value less directly attributable transaction costs and subsequently at amortised cost using the effective interest method. Receivables of a short-term nature are not discounted.

An allowance for impairment is established where there is objective evidence the Scheme will not be able to collect all amounts due according to the original terms of the receivable.

Financial instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value are recognised immediately in profit or loss.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Scheme's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The Scheme's business model is to hold financial assets to collect their contractual cash flows.

Financial assets at amortised cost

The Scheme measures financial assets at amortised cost if both of the following conditions are met:

(1) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and

(2) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial instruments that are measured at amortised cost include cash balances, trade and other receivables and term deposits. Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. Accordingly these financial instruments are still measured at amortised cost under NZ IFRS 9.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment testing. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Trade receivables represents the Scheme's right to an amount of consideration which is unconditional (i.e. only the passage of time is required before payment of the consideration is due). No trade receivables contain a significant financing component.

Cash and cash equivalents includes cash in hand and deposits held at call with banks.

Recognition and derecognition
Financial assets are recognised when the Scheme becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Scheme has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets
The Scheme recognises an allowance for expected credit losses for all financial assets amortised at cost. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Scheme expects to receive. Receivables of a short-term nature are not discounted.

Previously the provision for impairment of financial assets was based on an incurred loss model. Under NZ IFRS 9 a provision for impairment is established using a forward-looking expected credit loss model which requires expected credit losses to be returned on a 12 month or life time basis. Changes to the impairment model do not have a material impact on the Scheme's financial assets.

For trade receivables, the Scheme applies the simplified approach permitted by NZ IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial liabilities

Trade and other payables
These amounts represent unsecured liabilities for goods and services provided to the Scheme prior to the end of the financial year which are unpaid. Trade and other payables are recognised initially at fair value less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. As trade and other payables are usually paid within 30 days, they are not discounted.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is recognised as an expense in profit or loss and is measured 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.

Furniture, fixtures and fittings	7% - 100%
Office equipment	10.2% - 100%
Hardware	30% - 67%
Other property, plant & equipment	7% - 100%

The residual value, useful life, and depreciation methods of property, plant and equipment are reassessed annually.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

Intangibles

(1) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and the expenditure attributable to the software product during its development can be reliably measured. Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an approximate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Computer software development costs recognised as assets are amortised on a straight-line basis over their estimated useful lives, which does not exceed three years.

(2) Website
Following initial recognition website development costs are carried at cost less accumulated amortisation. Amortisation ratesfor the website are 40% straight line.

Leases (2019 only)
The Company leases its office premises. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

Lease incentives received are recognised as an integral part of the total lease expense over the lease lease term.

Wages, salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months of the reporting date are recognised in respect of employees' service up to 30 June. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for sick leave are recognised when the leave is taken and are measured at the rates paid.

Income in advance
Income in advance relates to levies for the next financial year that have been invoiced to members during the current financial year.

Interest income
Income is recognised as interest accrues using the effective interest rate method.

Income tax and other taxes
The Company prepares its income tax returns by reference to the application of the principle of mutuality to the revenue and expenses, and the relevant tax jurisdiction. The principle of mutuality is a common law principle arising from the premise that individuals cannot profit from themselves. Accordingly, membership receipts from members are deemed to be mutual income and not subject to income tax, and expenses in connection with mutual activities are therefore not deductible for taxation purposes. All other receipts and payments are classified in accordance with taxation legislation.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted at the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Other taxes
Revenues, expenses and assets are recognised net of the amount GST except: when the GST incurred on the purchases of goods is not recoverable from the taxation authority, in which case GST is recognised as part of the acquisition of the asset or part of the expense item as applicable; and receivables and payables, which are stated with the amount of GST inclusive.

The net amount of GST recoverable from, or payable to, the taxation authority is included on statement of financial position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

5. Revenue

Recognition and measurement
Levy revenue comprises amounts invoiced to the participating banks and non-bank deposit-takers in New Zealand ("the members"). The members are invoiced in advance, and at the end of the financial year the amounts invoiced in advance of the service being provided are recognised as income in advance in the Statement of Financial Position.

Revenue is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates and trade discounts.

Levy revenue from members of the Scheme is recognised on an accrual basis. Levies are paid on a quarterly basis.

Disaggregation of levy revenue
Levy revenue is disaggregated into various categories in the following table which is intended to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic date.

Size of member bank	2020	2019
Large	2,231,056	1,963,144
Medium	472,944	387,230
Small	56,000	49,626
Total	**2,760,000**	**2,400,000**

6. Depreciation

	20	19
Depreciation (note 7)	48,171	38,921
Depreciation - ROU Asset (note 17)	143,352	-
Total depreciation	191,523	38,921

7. Property, plant and equipment

	2020	2019
Fittings		
Fittings at cost	266,120	266,120
Fittings accumulated depreciation	(136,465)	(115,475)
Total fittings	**129,655**	**150,645**
Furniture		
Furniture at cost	77,284	79,532
Furniture accumulated depreciation	(46,279)	(40,433)
Total furniture	**31,005**	**39,099**
Hardware		
Hardware at cost	72,474	47,414
Hardware accumulated depreciation	(45,495)	(36,379)
Total hardware	**26,979**	**11,035**
Other plant and equipment		
Other plant and equipment at cost	6,676	6,676
Other plant and equipment Accumulated depreciation	(4,474)	(3,796)
Total other plant and equipment	**2,202**	**2,880**
Office equipment		
Office equipment at cost	62,789	85,367
Office equipment accumulated depreciation	(22,757)	(80,695)
Total office equipment	**40,032**	**4,672**
Total property, plant and equipment	**229,873**	**208,331**

Property, plant and equipment reconciliation Of carrying amounts

	2020	2019
Fittings		
Opening balance	150,645	167,147
Transfer/reclassification	-	3,449
Additions	-	1,865
Depreciation	(20,990)	(21,816)
Disposals		
Gross cost	-	-
Depreciation on disposal	-	-
Total disposals	**-**	**-**
Total fittings	**129,655**	**150,645**
Furniture		
Opening balance	39,099	39,891
Transfer/reclassification	-	7,518
Additions	-	-
Depreciation	(7,144)	(7,736)
Disposals		
Gross cost	(2,247)	(2,375)
Depreciation on disposal	1,297	1,801
Total disposals	**(950)**	**(574)**
Total furniture	**31,005**	**39,099**
Hardware		
Opening balance	11,035	8,204
Transfer/reclassification	-	(1,856)
Additions	25,060	9,444
Depreciation	(9,116)	(4,757)
Disposals		
Gross cost	-	-
Depreciation on disposal	-	-
Total disposals	**-**	**-**
Total hardware	**26,979**	**11,035**
Other plant and equipment		
Opening balance	2,880	2,105
Transfer/reclassification	-	1,453
Additions	-	-
Depreciation	(678)	(678)
Disposals		
Gross cost	-	-
Depreciation on disposal	-	-
Total disposals	**-**	**-**
Total other plant and equipment	**2,202**	**2,880**
Office equipment		
Opening balance	4,672	14,278
Transfer/reclassification	-	(6,628)
Additions	47,203	956
Depreciation	(10,242)	(3,934)
Disposals		
Gross cost	(3,370)	-
Depreciation on disposal	1,769	-
Total disposals	**(1,601)**	**-**
Total office equipment	**40,032**	**4,672**
Total property, plant and equipment Reconciliation of carrying amounts	**229,873**	**208,331**

8. Cash and short-term deposits	20	19
Cash at bank and short-term deposits		
Cheque account (00)	318,855	100,333
Savings account (02)	-	22
ANZ 30 account	1	1
Total cash at bank and short-term deposits	**318,856**	**100,356**

Cheque account (00)
Interest rate (debit balance): 25.60%
Interest rate (credit balance): 0.05%

Savings account (02)
Interest rate (debit balance): 25.60%
Interest rate (credit balance): 0.05%

ANZ account (30)
Interest rate (debit balance): 27.90%
Interest rate (credit balance): 0.05%

9. Intangibles	20	19
Website		
Website at cost	13,685	92,359
Website accumulated amortisation	(13,685)	(92,359)
Total website	**-**	**-**
Software		
Software at cost	303,413	101,026
Software accumulated amortisation	(111,168)	(101,026)
Total software	**192,245**	**-**
Total intangibles	**192,245**	**-**

Intangibles reconciliation	20	19
Website		
Opening balance	-	5,791
Transfer/reclassification	-	(2,315)
Additions	-	-
Amortisation	-	(3,476)
Disposals		
Gross cost	-	-
Depreciation on disposal	-	-
Total disposals	**-**	**-**
Total website	**-**	**-**
Software		
Opening balance		5,385
Transfer/reclassification	-	1,152)
Additions	202,387	-
Amortisation	(10,142)	(4,233)
Disposals		
Gross cost	-	-
Depreciation on disposal	-	-
Total disposals	**-**	**-**
Total software	**192,245**	**-**
Total intangibles reconciliation	**92,245**	**-**

10. Income tax	20	19
Net profit/(loss) per financial statements		
Profit/(loss) before tax	(186,938)	73,651
Prima facie tax expense at 28%	(52,343)	20,622
Income tax effects:		
Add tax effect of non-deductible expenses	839,120	724,634
Less tax effect of non-assessable income	(784,677)	(739,200)
Total Income tax effects:	**54,443**	**(14,566)**
Current tax expense	2,100	6,057
Taxation movements		
Opening balance	3,277	(397)
Provisional tax paid	(1,720)	-
Refunds received	-	397
Resident withholding tax paid	(5,817)	(2,780)
Terminal tax paid	(3,277)	-
Total Taxation movements	**(7,537)**	**(2,780)**
Income tax payable/(refundable)	(5,437)	3,277

The Company treats income generated from members as tax exempt based on the principle of mutuality.

The principle of mutuality is a common law principle arising from the premise that individuals cannot profit from themselves. Accordingly, membership receipts from members are deemed to be mutual income and not subject to income tax, and expenses in connection with mutual activities are therefore not deductible for taxation purposes. All other receipts and payments are classified in accordance with taxation legislation in the relevant tax jurisdiction. The Company is liable for other taxes including goods and services tax and fringe benefits tax.

11. Contingent assets and liabilities

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

12. Transactions with related parties

Transactions with the Company's bank, ANZ (a Scheme participant), are conducted on normal commercial terms.

Key management personnel

The key management personnel are the members of the governing body which is comprised of the Board of Directors and Banking Ombudsman, which constitutes the governing body of the Company.

The directors had remuneration due or paid during the year of $155,330 (2019: $129,258).

13. Financial instruments

The carrying amounts of categories of financial assets and liabilities are as follows:

	20	19
Financial instruments		
Financial assets measured at amortised cost		
Accounts receivable	872,850	793,500
Bank and cash	318,856	100,356
Term deposits and accrued interest	-	672,626
Total Financial assets measured at amortised cost	**1,191,706**	**1,566,482**
Financial liabilities measured at amortised cost		
Accounts payable	108,547	39,462
Accruals	79,151	110,936
Credit card	7,009	4,302
Sundry payables	78	214
Total Financial liabilities measured at amortised cost	**194,786**	**154,914**

14. Term deposits	20	19
ANZ term deposit 02	-	366,343
ANZ term deposit 03	-	306,283
Total Term deposits	**-**	**672,626**

15. Sundry payables and accruals	20	19
Accounts payable	108,547	39,462
Annual leave	63,708	47,823
Accruals	79,151	110,936
Sundry payables	78	214
Total Sundry payables and accruals	**251,484**	**198,436**

16. Subsequent events

There have been no material events subsequent to reporting date (2019: Nil).

17. Leases

The Company leases its office space at Level 5, 1 Post Office Square, Wellington (Huddart Parker Building).

As explained in Note 3, the Company adopted NZ IFRS 16 in the current period, using the modified retrospective approach. As a consequence of that, the information below that relates to the current period has been prepared in accordance with NZ IFRS 16 requirements, while the information below that relates to the comparative period has been prepared in accordance with NZ IAS 17 requirements.

For the current year
As noted above, the Company leases a building located at Level 5, 1 Post Office Square, Wellington. The lease was originally entered into for a 6-year term, with two 3-year rights of renewal, on 15 March 2014 (final expiry date being 14 March 2026). Upon signing the lease the Company received a 6 month rent free holiday lease incentive which has been spread over the initial lease term (6 years/72 months).

During the year, the Company advised the lessor of its intention to use the first 3-year right of renewal ending 14 March 2023. In-light of COVID-19, Nicola Sladden (Banking Ombudsman) has advised that it is highly possible (even probable) that the Company will not accept the second right of renewal and, therefore, this hasn't been factored into the lease calculations.

All current lease payments are fixed. Market rent reviews are conducted periodically.

The carrying amount of the lease liability has changed in the current period as shown below:

Lease liability	2020
Current	
Lease liabilities	165,381
Non-current	
Lease liabilities	307,908
Total	**473,290**

Reconciliation of lease liabilities:

Balance at 1 July 2019 (note 3)	518,359
Interest expense	26,063
Lease payments	(150,090)
Adjustment due to lease modification	90,107
Rent concession adjustment	(11,149)
Balance at 30 June 2020	473,290

The carrying value of the right-of-use asset has changed in the current period as shown below:

Right-of-use asset	2020
Non-current	
Right-of-use asset	456,167
Total	**456,167**

Reconciliation of right-of-use assets:

Balance at 1 July 2019	518,359
Adjustment for accrued rent at 30 June 2019	(8,947)
Balance at 1 July 2019 (note 3)	509,412
Depreciation (note 6)	(143,352)
Adjustment due to lease modification	90,107
Balance at 30 June 2020	456,167

18. Going concern (COVID-19)

On 23 March 2020, the New Zealand government issued an Epidemic Notice under section 5 of the Epidemic Preparedness Act 2006 to combat the threat of the COVID-19 pandemic.

The result of this pandemic has been a substantial reduction in economic activity throughout the world, as governments have introduced measures(such as the closure of all non-essential businesses and the cancellation of all public events) in a bid to halt, or at least slow, transmission of the virus. At the time of signing the financial statements, there is uncertainty about how much further economic activity will fall and how long the period of reduced economic activity will last.

The directors have assessed the likely impact of COVID-19 on the Company and have concluded that, for the 12 months from the date of signing the financial statements, COVID-19 will not impact the ability of the Company to continue operating.

DIRECTORY

Directors
Miriam Dean CNZM QC
Suzanne Chetwin
Kenina Court
Angela Mentis
Donna Cooper

Banking Ombudsman
Nicola Sladden

Registered office
Level 5
Huddart Parker Building
1 Post Office Square
Wellington

Contact details
Freepost 218002
PO Box 25327
Featherston Street
Wellington 6146

Freephone: 0800 805 950

Telephone: 04 915 0400

Email: help@bankomb.org.nz

Website: www.bankomb.org.nz

Facebook: www.facebook.com/bankombnz

Instagram: Ombuddies

Banker
ANZ Bank New Zealand
Wellington

Auditor
Ernst & Young

Scheme participants
ANZ Bank New Zealand
ASB Bank
Bank of Baroda New Zealand
Bank of India New Zealand
Bank of China New Zealand
BNZ
China Construction Bank New Zealand
Citi New Zealand
Heartland Bank
HSBC New Zealand
ICBC New Zealand
Kiwibank
Nelson Building Society
NZCU Baywide
Rabobank New Zealand
SBS Bank
The Co-operative Bank
TSB Bank
Westpac