

Annual Report

Banking Ombudsman Scheme Limited
For the year ended 30 June 2024

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Directory

Banking Ombudsman Scheme Limited For the year ended 30 June 2024

Directors

Miriam Dean CNZM KC
Kenina Court
Jonathan Duffy
Antonia Watson
Steve Jurkovich

Ombudsman

Nicola Sladden

Registered Office

Level 5
Huddart Parker Building
1 Post Office Square
Wellington

Bankers

ANZ Bank New Zealand
Wellington

Auditor

Moore Markhams

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
Unity Bank
Rabobank New Zealand
SBS Bank
The Co-operative Bank
TSB Bank
Westpac

IRD Number

097-211-280

Directors' Report

Banking Ombudsman Scheme Limited For the year ended 30 June 2024

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 2024.

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 KC
Chair



Kenina Court
Director

17 Sept 2024

Date

Statement of Profit or Loss and Other Comprehensive Income

Banking Ombudsman Scheme Limited For the year ended 30 June 2024

	NOTES	2024	2023
Income			
Levies	4	3,840,000	3,340,000
Whistleblowing service delivery	4	100,000	100,000
COVID-19 wage subsidy		-	3,000
Fraud Documentary Sponsorship		-	473,913
Interest income - financial assets at amortised cost		19,016	23,299
Other income		922	533
Total income		3,959,938	3,940,745
Expenses			
Amortisation	8	80,519	81,488
Audit fees		11,550	10,225
Board controlled costs		11,235	13,675
Complaints data hub expenses		141,254	307,035
Contractors and external advice		398,188	254,058
Depreciation	5	239,669	233,242
Directors' remuneration	11	158,367	156,032
Fraud Documentary expenses		3,000	666,865
Interest - lease liabilities	16	35,204	17,938
Kiwisaver/Superannuation		74,502	60,659
Low cost / short-term leases		8,887	9,876
Office costs		96,746	79,368
Outreach to Stakeholders		14,961	40,511
Publications and promotions		16,772	10,079
Staff costs		115,977	247,908
Staff salaries		2,610,325	2,007,305
Technology and website costs		170,406	187,785
Travel and conferences		53,551	33,752
Interest Expense		181	-
Total Expenses		4,241,295	4,417,800
Net profit / (loss) before taxation		(281,357)	(477,055)
Taxation			
Income tax expense	9	5,443	6,533
Net profit / (loss) after taxation		(286,800)	(483,587)
Total comprehensive income/ (loss) for the year		(286,800)	(483,587)

The accompanying notes to the financial statements on pages 9 - 19 form part of and should be read in conjunction with this statement.

Statement of Changes in Equity

Banking Ombudsman Scheme Limited
For the year ended 30 June 2024

	2024	2023
Share capital		
Shareholder's capital	1	1
Total Share capital	1	1
	2024	2023
Retained earnings		
Opening balance	383,056	866,643
Net profit/(loss) for the year		
Current Year Earnings	(286,800)	(483,587)
Total Net profit/(loss) for the year	(286,800)	(483,587)
Total Retained earnings	96,256	383,056
	2024	2023
Equity		
Opening balance	383,056	866,643
Net profit/(loss) for the year	(286,800)	(483,587)
Total Equity	96,256	383,056

The accompanying notes to the financial statements on pages 9 - 19 form part of and should be read in conjunction with this statement.

Statement of Financial Position

Banking Ombudsman Scheme Limited As at 30 June 2024

	NOTES	2024	2023
Assets			
Current assets			
Cash and cash equivalents	7	225,478	469,903
Trade and other receivables		1,426,612	1,132,750
Income tax receivable	9	-	389
Prepaid expenses		12,531	28,882
Total Current assets		1,664,621	1,631,925
Non current assets			
Property, plant and equipment	6	96,586	118,043
Intangibles	8	113,348	193,867
Right-of-use asset	16	313,732	501,972
Total Non current assets		523,666	813,882
Total Assets		2,188,287	2,445,807
Liabilities			
Current liabilities			
Sundry payables and accruals	13	355,509	456,542
GST payable		147,030	88,365
ANZ Credit card		16,185	8,016
Income tax payable	9	118	-
Income in advance		1,225,000	985,000
Vodafone New Zealand		1,168	-
Lease liability	16	192,411	177,805
Total Current liabilities		1,937,420	1,715,728
Non current liabilities			
Lease liability	16	154,611	347,022
Total Non current liabilities		154,611	347,022
Total Liabilities		2,092,031	2,062,750
Net Assets		96,256	383,057
Equity			
Share capital		1	1
Retained earnings		96,255	383,056
Total Equity		96,256	383,057

Signed By / Date:

 

Chair Miriam Dean CNZM KC

Kenina Court Director

17 Sept 2024

The accompanying notes to the financial statements on pages 9 - 19 form part of and should be read in conjunction with this statement.

Statement of Cash Flows

Banking Ombudsman Scheme Limited For the year ended 30 June 2024

	NOTES	2024	2023
Cash Flow			
Cash flow from Operating Activities			
Receipts from levies		3,786,138	3,324,019
Fraud Documentary Sponsorship		-	473,913
Whistleblowing Service income		100,000	100,000
Other income		922	3,533
Interest income		19,016	23,299
Payments to suppliers and employees		(3,902,585)	(3,916,768)
Income tax paid		(4,935)	(8,719)
Interest portion of lease liability	16	(35,204)	(17,937)
Net Cash Inflow/(Outflow) from Operating Activities		(36,647)	(18,662)
Cash flow from Investing Activities			
Purchase of property, plant and equipment		(29,972)	(11,794)
Purchase of intangibles		-	(9,918)
Payments to sell/(acquire) financial assets		-	401,422
Net Cash Inflow/(Outflow) from Investing Activities		(29,972)	379,710
Cash flow from Financing Activities			
Principal portion of lease liability		(177,806)	(174,138)
Net Cash Inflow/(Outflow) from Financing Activities		(177,806)	(174,138)
Net increase/(decrease) in cash and cash equivalents		(244,425)	186,910
Opening cash and cash equivalents balance			
Opening cash balance		469,903	282,993
Ending cash and cash equivalents	7	225,478	469,903

The accompanying notes to the financial statements on pages 9 - 19 form part of and should be read in conjunction with this statement.

Notes to the Financial Statements

Banking Ombudsman Scheme Limited For the year ended 30 June 2024

1. Corporate Information

The financial statements for the Banking Ombudsman Scheme Limited ("the company") for the year ended 30 June 2024 were authorised for issue on 17 Sept 2024

The Company was incorporated on 19 June 2007 and is incorporated and domiciled in New Zealand under the Companies Act 1993.

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.

For the purposes of complying with generally accepted accounting practice in New Zealand ("NZ GAAP"), the Company is a for-profit-entity

2. Summary of significant accounting policies

(a) Statement of Compliance and basis of preparation

These financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime ("NZ IFRS RDR") and the requirements of the Companies Act 1993. The Company is eligible to apply NZ IFRS RDR because it does not have public accountability and is not a large for-profit public sector entity.

The financial statements are presented in New Zealand dollars (\$) which is the Company's functional currency, 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. 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 plus 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 through profit and loss 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 company'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 company'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.

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.

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.

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 at amortised cost 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 of the asset less any estimated residual value over its remaining useful life.

Furniture, Fixtures and Fittings	7%-100%
Office Equipment	8.5%-100%
Hardware	30%-40%
Other 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 five years.

(2) Website

Following initial recognition website development costs are carried at cost less accumulated amortisation. Amortisation rates for the website are 40% straight line.

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 liability 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.

Goods and Services Tax (GST)

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.

Leases

The Company is a lessee. 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 exercise 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

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 an incremental borrowing 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 the modification 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.

4. 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.

Whistleblowing Service income comprises amounts invoiced to the independent funder of the service ("the Funder"). The Funder is invoiced in advance, and at the end of the year financial year the amounts invoiced in advance of the service being provided are recognised as income in advance in the Statement of Financial Position.

Fraud Documentary Sponsorship income comprises amounts invoiced to various participants of the Scheme ("the members"). The members are invoiced in advance, and at the end of the financial year the full amounts invoiced are recognised as income on the statement of profit or loss and other comprehensive income.

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.

Whistleblowing Service income from the Funder is recognised on an accrual basis, with the income being 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	2024	2023
Large	3,205,955	2,726,218
Medium	582,719	551,124
Small	51,326	62,658
Total	3,840,000	3,340,000

	2024	2023
5. Depreciation		
Depreciation (note 6)	51,429	48,875
Depreciation - ROU Asset (note 16)	188,240	184,368
Total Depreciation	239,669	233,242

6. Property, plant and equipment

Fittings

Fittings at cost	266,120	266,120
Fittings accumulated depreciation	(204,437)	(189,002)
Total Fittings	61,682	77,118

Furniture

Furniture at cost	80,957	80,374
Furniture accumulated depreciation	(72,245)	(66,707)
Total Furniture	8,712	13,667

Hardware

Hardware at cost	108,813	91,418
Hardware accumulated depreciation	(97,800)	(80,985)
Total Hardware	11,012	10,433

Other plant and equipment

Other plant and equipment at cost	13,454	13,454
Other plant and equipment accumulated depreciation	(7,967)	(5,793)
Total Other plant and equipment	5,487	7,661

Office equipment

Office equipment at cost	74,762	62,768
Office equipment accumulated depreciation	(65,069)	(53,603)
Total Office equipment	9,693	9,165

Total Property, plant and equipment	96,586	118,043
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	2024	2023
6. Property, plant and equipment (cont.)		
Property, plant and equipment reconciliation of carrying amounts		
Fittings		
Opening balance	77,118	92,553
Depreciation	(15,436)	(15,436)
Total Fittings	61,682	77,118
Furniture		
Opening balance	13,667	16,613
Additions	583	3,838
Depreciation	(5,538)	(6,784)
Total Furniture	8,712	13,667
Hardware		
Opening balance	10,433	25,231
Additions	17,394	-
Depreciation	(16,815)	(14,797)
Total Hardware	11,012	10,433
Other plant and equipment		
Opening balance	7,661	1,475
Additions	-	6,778
Depreciation	(2,174)	(592)
Total Other plant and equipment	5,487	7,661
Office equipment		
Opening balance	9,165	19,252
Additions	11,994	1,178
Depreciation	(11,466)	(11,266)
Total Office equipment	9,693	9,165
Total Property, plant and equipment carry amounts	96,586	118,043

	2024	2023
7. Cash and short-term deposits		
Cash at bank and short-term deposits		
Cheque Account (00)	225,477	469,902
Savings Account (02)	-	-
ANZ 30 Account	1	1
Total Cash at bank and short-term deposits	225,478	469,904

Cheque Account (00)

Interest rate (credit balance): 2.45%

Savings Account (02)

Interest rate (credit balance): 2.75%

ANZ Account (30)

Interest rate (credit balance): 1.25%

	2024	2023
8. Intangibles		
Website		
Website at cost		
Website Development-Cost	13,685	13,685
Total Website at cost	13,685	13,685
Website accumulated amortisation	(13,685)	(13,685)
Total Website	-	-
Software		
Software at cost		
Software Cost	507,964	507,964
Total Software at cost	507,964	507,964
Software accumulated amortisation	(394,616)	(314,097)
Total Software	113,349	193,867
Total Intangibles	113,349	193,867

Intangibles reconciliation

	2024	2023
Software	113,349	193,867
Total Intangibles reconciliation	113,349	193,867

	2024	2023
9. Income tax		
Net profit / (loss) per financial statements		
Profit / (loss) before tax	(281,009)	(477,055)
Prima facie tax expense at 28%	(78,682)	(133,575)
Income tax effects:		
Add tax effect of non-deductible expenses	1,187,465	1,236,844
Less tax effect of non-assessable income	(1,103,340)	(1,096,736)
Total Income tax effects:	84,125	140,108
Current tax expense	5,443	6,533
Taxation movements		
Opening balance	(389)	1,798
Resident withholding tax paid	(5,324)	(6,922)
Terminal tax paid	-	(1,798)
Tax refund received	389	-
Total Taxation movements	(5,324)	(6,922)
Income tax payable / (refundable)	118	(389)

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.

10. Contingent assets and liabilities

There are no contingent assets or liabilities at reporting date (2023: \$nil).

11. 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, Banking Ombudsman and two Deputy Banking Ombudsmen, which constitutes the governing body of the Company.

The directors had remuneration due or paid during the year of \$158,367 (2023: \$156,032).

There are three key management personnel for the Company (two in 2023), with total remuneration paid during the year of \$902,324 (2023: \$587,144).

12. Financial instruments

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

	2024	2023
Financial instruments		
Financial assets measured at amortised cost		
Accounts receivable	1,425,812	1,132,750
Bank and cash	225,478	469,903
Total Financial assets measured at amortised cost	1,651,290	1,602,653
Financial liabilities measured at amortised cost		
Accounts payable	80,132	152,649
Accruals	144,102	191,222
Credit card	16,185	8,016
Total Financial liabilities measured at amortised cost	240,418	351,886
	2024	2023

13. Sundry payables and accruals

Accounts payable (note 12)	80,132	152,649
Annual Leave	131,275	112,672
Accruals (note 12)	144,102	191,222
Total Sundry payables and accruals	355,509	456,542

14. Subsequent events

There have been no material events subsequent to reporting date (2023: Nil).

15. Going Concern Note

The Board consider the Going Concern Basis to be appropriate as they believe the Banking Ombudsman Scheme Limited (BOSL) has adequate resources to continue operations, and will meet financial targets for the foreseeable future, and will be able to settle its debts as they fall due.

The Board has approved an increase in levies of 25% and is budgeting for an expected profit before tax in the 30 June 2025 financial year of \$13,403.

For these reasons the Board continues to adopt the going concern assumption in the preparation of the performance report for the year ended 30 June 2024.

16. Leases

The Company leases its office space at Level 5, 1 Post Office Square, Wellington (Huddart Parker Building). The lease was renewed in March 2023 and ends in March 2026.

The carrying amounts of the lease liability and right of use asset have changed in the current period as shown below:

Lease Liability	2024	2023
Current		
Lease liabilities	192,411	177,805
Non-Current		
Lease liabilities	154,611	347,022
Total	347,022	524,827

Reconciliation of lease liabilities:

	2024	2023
Opening Balance	524,827	134,249
Remeasurement	-	564,717
Interest expense	35,204	17,938
Lease payments	(213,010)	(192,076)
Closing Balance	347,022	524,827

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

Right-of-use asset	2024	2023
Non-Current		
Right-of-use asset	313,732	501,972
Total	313,732	501,972

Reconciliation of right-of-use assets:

	2024	2023
Opening Balance	501,972	121,622
Remeasurement	-	564,717
Depreciation (note 5)	(188,240)	(184,368)
Closing Balance	313,732	501,972

Independent auditor's report

To the Shareholder of Banking Ombudsman Scheme Limited

Opinion

We have audited the financial statements of Banking Ombudsman Scheme Limited on pages 5 to 20, which comprise the statement of financial position as at 30 June 2024, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the statement of accounting policies and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Banking Ombudsman Scheme Limited as at 30 June 2024, and its financial performance and its cash flows for the year that ended in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of Banking Ombudsman Scheme Limited in accordance with Professional and Ethical Standard 1 (Revised) 'Code of Ethics for assurance practitioners' issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than our capacity as auditor we have no relationship with, or interests in, Banking Ombudsman Scheme Limited.

Other Information

The Directors are responsible for the other information. The other information comprises the information included on pages 3 and 4 of the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or 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 in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

Director's responsibility for the financial statements

The directors are responsible on behalf of Banking Ombudsman Scheme Limited for the preparation and fair presentation of the financial statements in accordance with New Zealand Equivalents to

International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR), 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 on behalf of Banking Ombudsman Scheme Limited for assessing Banking Ombudsman Scheme Limited's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate Banking Ombudsman Scheme Limited or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the special purpose financial statements is located at the XRB's website at <http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

Moore Markhams

Moore Markhams Wellington Audit | Qualified Auditors, Wellington, New Zealand
18 September 2024