Annual Report

Banking Ombudsman Scheme Limited
For the year ended 30 June 2025

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Banking Ombudsman Scheme Limited
For the year ended 30 June 2025

Directors

Miriam Dean CNZM KC
Steve Jurkovich
Jonathan Duffy
Catherine McGrath (Appointed 1 April 2025)
Heather Roy (Appointed 30 April 2025)
Jodi Gardner (Appointed 30 April 2025)
Antonia Watson (Resigned 31 March 2025)
Kenina Court (Resigned 10 April 2025)

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 China New Zealand
Bank of India New Zealand
BNZ
China Construction Bank New Zealand
Heartland Bank
HSBC New Zealand (Participation withdrawn from 30 June 2025)
ICBC New Zealand
Kiwibank
Nelson Building Society
Rabobank New Zealand
SBS Bank
The Co-operative Bank
TSB Bank
Unity Bank (Participation withdrawn from 30 November 2024)
Westpac

IRD Number

097-211-280

Directors' Report

Banking Ombudsman Scheme Limited
For the year ended 30 June 2025

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 2025.

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

Heather Roy
Director

10 / 9 / 2025

Date

Statement of Profit or Loss and Other Comprehensive Income

Banking Ombudsman Scheme Limited
For the year ended 30 June 2025

	NOTES	2025	2024
Income			
Levies	4	4,791,625	3,840,000
Whistleblowing service delivery	4	100,000	100,000
Interest income - financial assets at amortised cost		12,071	19,016
Other income		1,250	922
Total income		**4,904,945**	**3,959,938**
Expenses			
Amortisation	9	70,910	80,519
Audit fees	5	11,450	11,550
Board controlled costs		17,100	11,235
Complaints data hub expenses		141,506	141,254
Contractors and external advice		470,833	398,188
Depreciation	6	224,274	239,669
Directors' remuneration	12	169,323	158,367
Interest expense		-	181
Interest - lease liabilities	16	20,599	35,204
Kiwisaver / superannuation		89,258	74,502
Low cost / short-term leases		8,465	8,887
Office costs		93,018	96,746
Outreach to stakeholders		1,564	14,961
Prevention advertising campaign expenses		4,929	3,000
Publications and promotions		20,576	16,772
Staff costs		89,993	115,977
Staff salaries		3,159,306	2,610,325
Technology and website costs		178,220	170,406
Travel and conferences		46,750	53,551
Total Expenses		**4,818,073**	**4,241,295**
Net profit / (loss) before taxation		**86,872**	**(281,357)**
Taxation			
Income tax expense	10	3,608	5,443
Net profit / (loss) after taxation		**83,264**	**(286,800)**
Total comprehensive income/ (loss) for the year		**83,264**	**(286,800)**

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 2025

	2025	2024
Equity		
Share Capital		
Shareholders capital	1	1
Total Share Capital	**1**	**1**
Retained earnings		
Opening balance	96,255	383,055
Net profit/(loss) for the year	83,264	(286,800)
Total Retained earnings	**179,519**	**96,255**
Total Equity	**179,520**	**96,256**

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 2025

	NOTES	2025	2024
Assets			
Current assets			
Cash and cash equivalents	8	362,288	225,478
Trade and other receivables		1,477,829	1,426,612
Prepaid expenses		50,922	12,531
Total Current assets		**1,891,040**	**1,664,621**
Non current assets			
Property, plant and equipment	7	89,430	96,586
Intangibles	9	55,742	113,348
Right-of-use asset	16	125,493	313,732
Work in progress		5,000	-
Total Non current assets		**275,664**	**523,666**
Total Assets		**2,166,704**	**2,188,287**
Liabilities			
Current liabilities			
Sundry payables and accruals	14	380,614	355,509
GST payable		154,553	147,030
ANZ Credit card		11,834	16,185
Income tax payable	10	228	118
Income in advance		1,285,000	1,225,000
One New Zealand		344	1,168
Lease liability	16	154,611	192,411
Total Current liabilities		**1,987,184**	**1,937,420**
Non current liabilities			
Lease liability	16	-	154,611
Total Non current liabilities		-	**154,611**
Total Liabilities		**1,987,184**	**2,092,031**
Net Assets		**179,520**	**96,256**
Equity			
Share capital		1	1
Retained earnings		179,519	96,255
Total Equity		**179,520**	**96,256**

Signed By / Date: 10/9/2025

Chair Miriam Dean CNZM KC

Signed By / Date: 10/9/2025

Heather Roy

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 2025

	NOTES	2025	2024
Cash Flow			
Cash flow from Operating Activities			
Receipts from levies		4,800,408	3,786,138
Whistleblowing Service income		100,000	100,000
Other income		1,250	922
Interest income		12,071	19,016
Payments to suppliers and employees		(4,513,229)	(3,902,585)
Income tax paid		(3,498)	(4,935)
Interest portion of lease liability	16	(20,599)	(35,204)
Net Cash Inflow/(Outflow) from Operating Activities		**376,403**	**(36,647)**
Cash flow from Investing Activities			
Purchase of property, plant and equipment		(28,879)	(29,972)
Purchase of intangibles		(18,303)	-
Net Cash Inflow/(Outflow) from Investing Activities		**(47,182)**	**(29,972)**
Cash flow from Financing Activities			
Principal portion of lease liability		(192,411)	(177,806)
Net Cash Inflow/(Outflow) from Financing Activities		**(192,411)**	**(177,806)**
Net increase/(decrease) in cash and cash equivalents		136,809	(244,425)
Opening cash and cash equivalents balance			
Opening cash balance		225,478	469,903
Ending cash and cash equivalents	8	362,288	225,478

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

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Notes to the Financial Statements

Banking Ombudsman Scheme Limited
For the year ended 30 June 2025

1. Corporate Information

The financial statements for the Banking Ombudsman Scheme Limited ("the company") for the year ended 30 June 2025 were authorised for issue on 10/9/2025

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

Changes in Accounting Policies

The following amendments are effective for the period beginning 1 July 2024:

a. Disclosure of Fees for Audit Firms' Services (Amendments to FRS-44)

Disclosure of Fees for Audit Firms' Services (Amendments to FRS-344)

In May 2023 the New Zealand Accounting Standards Board (NZ ASB) issued amendments to FRS-44 to require a description of the services provided by a reporting entity's audit or review firm and to disclose the fees incurred by the entity for those services using prescribed categories.

These amendments have no effect on the measurement of any items in the consolidated financial statements of the Scheme, and merely result in additional disclosure.
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.

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%-100%
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 20%-40% straight line.

Work in Progress

Work in progress is comprised of website development costs for a project that was ongoing as of 30 June 2025. The amount of work in progress is stated at cost and will be capitalised on completion of the project.

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 and for Whistleblowing Service Delivery income for the next financial year that has been invoiced in 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 a 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.

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	**2025**	**2024**
Large	3,737,805	3,205,955
Medium	982,985	582,719
Small	70,834	51,326
Total	**4,791,625**	**3,840,000**

5. Audit fees

Audit fees are paid to Moore Markham's for the audit of the annual financial statements.

	2025	**2024**

6. Depreciation

Depreciation (note 7)	36,035	51,429
Depreciation - ROU Asset (note 16)	188,240	188,240
Total Depreciation	**224,274**	**239,669**

	2025	2024
7. Property, plant and equipment		
Fittings		
Fittings at cost	266,120	266,120
Fittings accumulated depreciation	(219,873)	(204,437)
Total Fittings	**46,246**	**61,682**
Furniture		
Furniture at cost	80,957	80,957
Furniture accumulated depreciation	(76,366)	(72,245)
Total Furniture	**4,591**	**8,712**
Hardware		
Hardware at cost	125,141	108,813
Hardware accumulated depreciation	(96,668)	(97,800)
Total Hardware	**28,473**	**11,012**
Office equipment		
Office equipment at cost	73,866	74,762
Office equipment accumulated depreciation	(67,638)	(65,069)
Total Office equipment	**6,228**	**9,693**
Other plant and equipment		
Other plant and equipment at cost	13,454	13,454
Other plant and equipment accumulated depreciation	(9,562)	(7,967)
Total Other plant and equipment	**3,892**	**5,487**
Total Property, plant and equipment	**89,430**	**96,586**

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7. Property, plant and equipment (cont.)

Property, plant and equipment reconciliation of carrying amounts

	2025	2024
Fittings		
Opening balance	61,682	77,118
Depreciation	(15,436)	(15,436)
Total Fittings	**46,246**	**61,682**
Furniture		
Opening balance	8,712	13,667
Additions	-	583
Depreciation	(4,121)	(5,538)
Total Furniture	**4,591**	**8,712**
Hardware		
Opening balance	11,012	10,433
Additions	27,605	17,394
Depreciation	(10,145)	(16,815)
Cost of disposed assets	(11,277)	-
Accumulated depreciation of disposed assets	11,277	-
Total Hardware	**28,473**	**11,012**
Office equipment		
Opening balance	9,693	9,165
Additions	1,274	11,994
Depreciation	(4,738)	(11,466)
Cost of disposed assets	(2,170)	-
Accumulated depreciation of disposed assets	2,170	-
Total Office equipment	**6,228**	**9,693**
Other plant and equipment		
Opening balance	5,487	7,661
Depreciation	(1,595)	(2,174)
Total Other plant and equipment	**3,892**	**5,487**
Total Property, plant and equipment carry amounts	**89,430**	**96,586**

	2025	2024

8. Cash and Cash Equivalents

Cash at bank and short-term deposits		
Cheque Account (00)	362,287	225,477
Savings Account (02)	-	-
ANZ 30 Account	1	1
Total Cash at bank and short-term deposits	**362,288**	**225,479**

Cheque Account (00)

Interest rate (credit balance): 0.40%

Savings Account (02)

Interest rate (credit balance): 0.70%

ANZ Account (30)

Interest rate (credit balance): 0.65%

	2025	2024

9. Intangibles

Website Development		
Website development at cost	26,988	13,685
Website accumulated amortisation	(14,128)	(13,685)
Total Website Development	**12,860**	-
Software		
Software at cost	507,964	507,964
Software accumulated amortisation	(465,082)	(394,616)
Total Software	**42,882**	**113,348**
Total Intangibles	**55,742**	**113,348**

	2025	2024
Intangibles reconciliation of carrying amounts		
Website Development		
Opening balance	-	-
Additions	13,303	-
Amortisation	(444)	-
Total Website Development	**12,860**	**-**
Software		
Opening balance	113,348	193,867
Amortisation	(70,466)	(80,519)
Total Software	**42,882**	**113,348**
Total Intangibles reconciliation of carrying amounts	**55,742**	**113,348**

	2025	2024
10. Income tax		
Net profit / (loss) per financial statements		
Profit / (loss) before tax	86,873	(281,357)
Prima facie tax expense at 28%	24,325	(78,780)
Income tax effects:		
Add tax effect of non-deductible expenses	1,349,060	1,187,563
Less tax effect of non-assessable income	(1,369,777)	(1,103,340)
Total Income tax effects:	**(20,716)**	**84,222**
Current tax expense	3,608	5,443
Taxation movements		
Opening balance	118	389
Resident withholding tax paid	(3,380)	(5,324)
Terminal tax paid	(118)	(389)
Total Taxation movements	**(3,380)**	**(5,324)**
Income tax payable	228	118

The opinion of the Directors is the Company can treat revenue from levies generated from members and revenue from its whistleblowing service delivery 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 (2024:$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, Banking Ombudsman and the Deputy Banking Ombudsman, which constitutes the governing body of the Company.

The directors had remuneration due or paid during the year of $169,323 (2024: $158,367).

There are three key management personnel for the Company (three in 2024), with total remuneration paid during the year of $1,047,912 (2024: $902,324).

13. Financial instruments

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

	2025	2024
Financial instruments		
Financial assets measured at amortised cost		
Accounts receivable	1,477,829	1,425,812
Bank and cash	362,288	225,478
Total Financial assets measured at amortised cost	**1,840,118**	**1,651,290**
Financial liabilities measured at amortised cost		
Accounts payable	73,523	80,132
Accruals	138,109	144,102
Credit card	11,834	16,185
Total Financial liabilities measured at amortised cost	**223,467**	**240,418**

	2025	2024
14. Sundry payables and accruals		
Accounts payable (note 13)	73,523	80,132
Annual Leave	168,981	131,275
Accruals (note 13)	138,109	144,102
Total Sundry payables and accruals	**380,614**	**355,509**

15. Subsequent events

There have been no material events subsequent to reporting date (2024: Nil).

16. Leases

The Company leases its office space at Level 5, 1 Post Office Square, Wellington (Huddart Parker Building). The current lease 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	**2025**	**2024**
Current		
Lease liabilities	154,611	192,411
Non-Current		
Lease liabilities	-	154,611
Total	**154,611**	**347,022**

Reconciliation of lease liabilities:

	2025	**2024**
Opening Balance	347,022	524,827
Interest expense	20,599	35,204
Lease payments	(213,010)	(213,010)
Closing Balance	**154,611**	**347,022**

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

Right-of-use asset	**2025**	**2024**
Non-Current		
Right-of-use asset	125,493	313,732
Total	**125,493**	**313,732**

Reconciliation of right-of-use assets:

	2025	**2024**
Opening Balance	313,732	501,972
Depreciation (note 6)	(188,240)	(188,240)
Closing Balance	**125,493**	**313,732**

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 2025, 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 2025, 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
12 September 2025