

COMPENSATION SCHEME OF LAST RESORT LIMITED

ACN 669 477 052

Financial report for the period ended 30 June 2024

Contents

	Page
Directors' report	2
Auditor's Independence declaration	5
Directors' declaration	6
Financial report	
Statement of profit and loss and other comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11-19
Independent Auditor's report	20-21

The Directors of the Compensation Scheme of Last Resort Limited ("CSLR" or the "organisation") submit here within the simplified disclosure general purpose annual financial report of CSLR for the period ended 30 June 2024. In order to comply with the provision of the *Corporations Act 2001* (Cth), the Directors report provides as follows:

Information about the Directors

As required by the Corporations Act and the constitution of CSLR, the Board of CSLR comprises:

- An independent chair appointed by the Australian Government;
- A person who is a director of AFCA; and
- A person who is a Fellow of the Institute of Actuaries Australia and has at least five years' experience in actuarial analysis.

The Board appoints an independent Chief Executive Officer who manages the CSLR scheme on a day-to-day basis.

The names of the Directors of CSLR at the end of the period are:

Ms Jo-Anne Bloch – Independent Board Chair

Jo-Anne Bloch commenced as a Non-Executive Director on 1 February 2024.

Jo-Anne has 35 years' experience in a combination of executive and non-executive roles in commercial enterprise and industry associations spanning across the UK and Europe, the US and Australia. Jo-Anne has extensive experience across the financial services industry, including superannuation and financial advice.

Jo-Anne has notably held various directorships including the Chair of Zurich Assure and Director of the Association of Superannuation Funds Australia and was previously the CEO and Director of the Financial Planning Association of Australia.

Jo-Anne is currently the Non-Executive Director of Colonial First State Investments and Avanteos Investments Limited.

Ms Delia Rickard

Delia Rickard commenced as a Non-Executive Director on 1 January 2024.

Delia has over 30 years' experience working on behalf of consumers. Delia was Deputy Chair of the Australian Competition and Consumer Commission (ACCC) from 2012 to 2023. Previously, Delia held senior roles at the Australian Securities and Investments Commission (ASIC).

Delia is currently a Director of the Australian Financial Complaints Authority (AFCA), a Director of Financial Counselling Australia (FCA), a trustee of the Jan Pentland Foundation, a Director of Super Consumers Australia, a Director of The Australian Communications Consumer Action Network, a Director of ID CARE, and chairs AHPRA's Cosmetic Surgery Oversight Group.

In 2011, Delia was awarded the Public Service Medal for her contribution to consumer protection and financial services.

Delia holds a Bachelor of Arts/Law from the University of NSW.

Mr Kevin O'Sullivan

Kevin O'Sullivan commenced as a Non-Executive Director on 10 January 2024.

Kevin has over 40 years' experience in the financial services industry in Australia and Canada, most recently as CEO of UniSuper. His leadership was recognised when he was named the Fund Executive Association's Fund Executive of the Year in 2020.

Previously, Kevin was Director, Actuarial and Benefits Consulting, with the Russell Investment Group for over two decades. This role involved advising some of Australia's largest organisations.

Kevin is Chairman of Playfair Asset Management, a member of Deakin University's Investment Committee and has also contributes to various advisory boards, including those of Allianz Retire+ and the Conexus Institute. He is a Fellow of the Actuaries Institute in Australia and the Society of Actuaries in the United States.

Kevin holds a Bachelor of Commerce degree from the University of Toronto and is a Fellow of the Actuaries Institute in Australia and the Society of Actuaries in the USA.

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Principal activities

On 22 June 2023, the Australian Parliament passed legislation establishing the CSLR. CSLR is a public company limited by guarantee incorporated in Australia under the *Corporations Act 2001*. CSLR was incorporated on 5 July 2023.

During the course of the year covered by this report, the sole member of CSLR was Australian Financial Complaints Authority Limited (ACN 620 494 340) (AFCA).

AFCA is a not-for-profit company limited by guarantee, with its principal activities being the external dispute resolution (EDR) provider for the financial services industry in Australia. As at 30 June 2023, the members of AFCA comprised 10,446 active financial firms, and 34,512 active authorised credit representatives.

The principal activities of the CSLR during the period were:

- To determine levy estimates for the purposes of quantifying levies imposed under the CSLR Scheme.
- The provision of compensation up to \$150,000 to eligible consumers who have suffered financial misconduct and been awarded compensation by AFCA, and all other avenues to seek compensation from the financial firm have been exhausted.
- To enhance trust and confidence in the financial services industry.

The scheme officially commenced operations on 2 April 2024. As such, the annual report does not contain any comparatives.

Review of operations

The surplus of CSLR for the period ended 30 June 2024 amounted to \$567,803. During the financial year, CSLR obtained a claims management system, valued at \$542,780 ex GST and IT equipment valued at \$56,572 ex GST for nil consideration. The surplus for the period is the gain recognised in the profit and loss statement net of the depreciation for these assets. In normal course of operations, CSLR will generate nil net profit.

A review of the operations of CSLR during the period of operation and the results of those operations show that during the period, CSLR continued to engage in its principal activity, the results of which are disclosed in the attached report.

Changes in the state of affairs

During the financial period CSLR transitioned from a Transitional Board of Directors to an Ongoing Board of Directors. There were no other significant changes in the state of affairs of CSLR during the financial period.

Subsequent events

Subsequent to balance date CSLR have receipted \$232,529,634 of the pre-CSLR complaints levy of \$240,857,800. The legislation requires payment of the pre-CSLR complaints levy by the ten-largest banking and general/life insurance groups by income from financial year 2021-2022, as reported by the Australian Taxation Office (ATO).

An unsecured overdraft facility of \$7,000,000 was in place for CSLR with Westpac Banking Corporation at 30 June 2024. The overdraft was advanced on 31 May 2024 and removed on 31 July 2024. The facility was not utilised during this period.

Future developments

Likely developments in the operations of CSLR and the expected results of those operations in future years are aligned with CSLR's overall objectives and in accordance with the regulatory requirements.

Environmental regulations

CSLR's operations are regulated by the Australian Securities and Investments Commission ("ASIC").

Meetings of Directors

The numbers of meetings of CSLR's Board of Directors ("the Board") held during the period ended 30 June 2024, and the number of meetings attended by each Director were:

CSLR Transitional Board	Eligible to Attend	Attended	Chaired	Date of Appointment	Date Appointment Ceased
Andrew Fairley (Chair)	6	5	5	5 July 2023	31 December 2023
Justin Untersteiner	7	7		5 July 2023	31 January 2024
June Smith	7	6	1	5 July 2023	9 January 2024

CSLR Ongoing Board	Eligible to Attend	Attended	Chaired	Date of Appointment	Date Appointment Ceased
Jo-Anne Bloch (Chair)	5	5	5	1 February 2024	
Kevin O'Sullivan	5	5		10 January 2024	
Delia Rickard	6	6	1	1 January 2024	

Indemnification and Insurance of officers and auditors

CSLR has not during or since the end of the financial period, except to the extent permitted by law, indemnified or agreed to indemnify auditors of CSLR. In addition, CSLR has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an auditor. Directors, officers, and secretaries are indemnified by CSLR.

Dividends

Section 254SA of the Corporations Act states companies limited by guarantee cannot pay dividends.

Proceedings on behalf of CSLR

No person has applied for leave of court to bring proceedings on behalf of CSLR or intervene in any proceedings to which CSLR is a party for the purpose of taking responsibility on behalf of CSLR for all or any part of those proceedings. CSLR was not a party to any such proceedings during the period.

Auditor's independence declaration

The auditor's independence declaration is included after this report.

Rounding off of amounts

CSLR is a company of the kind referred to in ASIC Class Order 2016/191, dated 24 March 2016, and in accordance with the Corporations Instrument amounts in the Director's report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The Directors' report is signed in accordance with a resolution of Directors made pursuant to s. 298(2) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Jo-Anne Bloch', with a long horizontal flourish extending to the right.

Ms Jo-Anne Bloch
Chair
Melbourne, 23 September 2024

VICTORIA

Level 44, 600 Bourke Street
Melbourne VIC 3000
T +61 3 9608 0100

Level 3, 237 Ryrie Street
Geelong VIC 3220
T +61 3 5215 6800

TASMANIA

161 St John Street
Launceston TAS 7250
T +61 3 6334 0500

victoria@moore-australia.com.au

www.moore-australia.com.au

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF COMPENSATION SCHEME OF LAST RESORT LIMITED

I declare that, to the best of my knowledge and belief, during the period 5 July 2023 to 30 June 2024, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



G S Dakis
Partner – Audit and Assurance
[Moore Australia Audit \(VIC\)](#)
Melbourne, Victoria

23 September 2024



Moore Australia Audit (VIC)
ABN 16 847 721 257
Chartered Accountants

Directors' declaration

Directors' declaration

The Directors' declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that CSLR will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards and giving a true and fair view of the financial position and performance of CSLR.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors



Ms Jo-Anne Bloch
Chair
Melbourne, 23rd September 2024

Compensation Scheme of Last Resort Limited

Statement of profit and loss and other comprehensive income for the period ended 30 June 2024

	Note	From 05.07.2023 to 30.06.2024 \$'000
Levy income	5	3,758
Other income	6	804
Compensation claims expense	7	(1,300)
AFCA complaint fees and charges		(1,443)
Employee benefits expense	8	(513)
Administrative expenses		(665)
Amortisation and Depreciation		(32)
Other expenses		(41)
Surplus before tax		568
Income tax expense		-
Surplus for the period		568
Other comprehensive income, net of tax		-
Total comprehensive income for the period		568

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Compensation Scheme of Last Resort Limited**Statement of financial position
as at 30 June 2024**

	<u>Notes</u>	<u>30 June 2024</u> <u>\$'000</u>
Assets		
Current assets		
Cash and cash equivalents	9	3,528
Trade and other receivables	10	241,067
Total current assets		244,595
Non- current assets		
Property, plant and equipment	11	52
Intangible assets	12	516
Total non- current assets		568
Total assets		245,163
Liabilities		
Current liabilities		
Trade and other payables	13	2,014
Deferred income - levies	14	240,280
Employee benefit liabilities	15	23
Provision for claims	16	549
Other current liabilities		56
Total current liabilities		242,922
Non-current liabilities		
Employee benefit liabilities	15	6
Total non-current liabilities		6
Total liabilities		242,928
Net assets		2,235
Equity		
Capital Reserves	22	1,667
Accumulated surplus		567
Total equity		2,235

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Compensation Scheme of Last Resort Limited

Statement of changes in equity for the period ended 30 June 2024

	Share capital \$'000	Accumulated surplus \$'000	Reserves \$'000	Total equity \$'000
Balance at 05 July 2023				
Surplus for the period	-	568	-	568
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	568	-	568
Capital Reserve	-	-	1,667	1,667
Balance at 30 June 2024	-	568	1,667	2,235

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Compensation Scheme of Last Resort Limited

Consolidated statement of cash flows for the period ended 30 June 2024

	<u>Notes</u>	<u>2024</u> <u>\$'000</u>
Cash flows from operating activities		
Levies received		4,846
Government grants		157
Payments to claimants		(750)
Payments to suppliers and employees		(773)
Net cash from operating activities		<u>3,480</u>
Investing activities		
Interest received		48
Net cash from investing activities		<u>48</u>
Financing activities		
Net cash from financing activities		<u>-</u>
Net increase in cash and cash equivalents		3,528
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at end of financial period		<u><u>3,528</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. General information:

(a) Basis of preparation

These general-purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (“AASB”) and comply with other requirements of the law.

The financial statements comprise the financial statements of the Compensation Scheme of Last Resort Limited. For the purposes of preparing the financial statements, CSLR is a not-for-profit entity.

The presentation currency used in these financial statements is Australian dollars (\$'000). Amounts in these financial statements are stated in Australian dollars unless otherwise noted.

(b) Statement of compliance

CSLR does not have ‘public accountability’ as defined in AASB 1053 Application of Tiers of Australian Accounting Standards and is therefore eligible to apply the ‘Tier 2’ reporting framework under Australian Accounting Standards.

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (‘AASB 1060’) and the disclosure requirements in AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.

(c) Basis of accounting

The financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

(d) Rounding off of amounts

CSLR is an organisation of the kind referred to in ASIC Corporations Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in this Directors’ report are rounded off to the nearest thousand dollars, unless otherwise indicated.

(e) Information about CSLR

On 22 June 2023, the Australian Parliament passed legislation establishing the CSLR. CSLR is a public company limited by guarantee incorporated in Australia under the *Corporations Act 2001*.

During the course of the year covered by this report, the sole member of CSLR was Australian Financial Complaints Authority Limited (ACN 620 494 340) (AFCA).

AFCA is a not-for-profit company limited by guarantee, with its principal activities being the external dispute resolution (EDR) provider for the financial services industry in Australia. As at 30 June 2023, the members of AFCA comprised 10,446 active financial firms, and 34,512 active authorised credit representatives.

The principal activities of the CSLR during the period were:

- The provision of compensation up to \$150,000 to eligible consumers who have suffered financial misconduct and been awarded compensation by AFCA, and all other avenues to seek compensation from the financial firm have been exhausted.
- To enhance trust and confidence in the financial services industry.

Address of CSLR
Compensation Scheme of Last Resort
GPO Box 556
Melbourne
VIC 3001

2. Adoption of New and Revised Accounting Standards

2.1 New and Amended Accounting Standards that are effective for the current period

In the current period, CSLR has adopted all amendments to Accounting Standards issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in any material impact to CSLR’s accounting policies for the current or prior years:

Pronouncement	Impact
AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards	<p>Requires the disclosure of material accounting policy information and clarifies how entities should distinguish changes in accounting policies and changes in accounting estimates.</p> <p>The application of the amendments did not have a material impact on CSLR’s financial statements but has changed the disclosure of accounting policy information in the financial statements.</p>

3. Summary of Material Accounting Policies

Material accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(a) Revenue recognition and income

Levies

CSLR's income is primarily derived from levies on four defined sub-sectors of the financial services industry, specifically: credit intermediaries, credit providers, licensees providing financial advice and securities dealers. The levy model is set out in legislation passed by the Australia Government and as required by law, CSLR estimates the costs to fund the scheme during the upcoming levy period. The pre-CSLR complaints levy is to fund expected claims and costs of the backlog of AFCA-paused complaints awaiting the legislated scope of CSLR and is paid by the 10 largest banking and general/life insurance groups (based on income from the 2021-22 financial year). The pre-CSLR levy is to fund eligible AFCA complaints, including unpaid compensation for eligible complaints and AFCA complaint fees and charges. The Annual levy is funded by the industry subsectors specified in the legislation, with the exception of the first year, which is funded by the Australian Government covering the period 2 April to 30 June 2024. The levy is to fund unpaid compensation for eligible complaints, AFCA complaints fees and charges, CSLR operating costs and capital reserve contribution.

When levies are receivable, CSLR recognises a financial asset and a corresponding financial liability. The financial liability is partially extinguished or utilised as and when CSLR's relevant expenditure, being claims and operational expenses, are incurred.

Assets or consideration received for substantially less than their fair value

As a not-for-profit entity, CSLR may receive assets, or consideration for assets, for substantially less than the fair value of those assets. In such instances, CSLR recognises the resultant asset at fair value in line with the relevant Australian Accounting Standard for that asset. Any difference between the fair value of the recognised asset(s) and the consideration paid or payable by CSLR is recognised as income.

(b) Income tax

CSLR has determined that it is an exempt entity under section 50-10 of the Income Tax Assessment Act 1997 and therefore exempt from income tax.

(c) Financial instruments

Financial instruments are recognised initially on the date that CSLR becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

(i) Financial assets

On initial recognition, CSLR classifies financial assets as measured at amortised cost. Financial assets are not reclassified subsequent to their initial recognition unless CSLR changes its business model for managing the relevant asset. All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on their classification.

Financial assets measured at amortised cost are those where the business model is to hold assets to collect contractual cash flows, and the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the amount outstanding. Financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment. All changes in value, income and expenses, impairments, and gain/loss on derecognition are recognised in profit or loss.

(ii) Financial liabilities

CSLR measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of CSLR comprise trade and other payables and other liabilities.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

(e) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of each reporting period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised under employee benefit liabilities.

(ii) Other long-term employee benefit obligations

The liability for long service leave, which is not expected to be settled within 12 months after the end of the reporting period in which the employees render the related service, is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

3. Summary of Material Accounting Policies (continued)

Expected future payments are discounted using market yields at the end of the reporting period on national corporate bonds that are of high quality where a deep market exists with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if CSLR does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(f) Provisions

Provisions are recognised when CSLR has a present obligation (legal or constructive) as a result of a past event, it is probable that CSLR will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

(g) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for Trade receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(h) Foreign currencies

All foreign currency transactions during the financial period are brought to account using the exchange rate in effect at the date of the transaction. Exchange differences are recognised in statement of profit or loss and other comprehensive income in the period in which they arise.

(i) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation, based on historical costs. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- Computer equipment 3 years
- Printer 5 years

(j) Intangible assets

Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The following estimated useful lives are used in the calculation of amortisation:

- Software 5 years

Internally generated intangible assets – research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

**Notes to the financial statements
for the period ended 30 June 2024**

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(k) Impairment of assets

At each reporting date, CSLR reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, CSLR estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in the statement of profit or loss and other comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(l) Going concern

The Directors have prepared the financial statements on the going concern basis, which assumes CSLR's continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

4. Critical accounting estimates

In the application of CSLR's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

*Provisions*Discount rates

Where a provision is measured using the cash flows estimated to settle the obligation, with the exception of employee benefits, the cash flows are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Employee benefits are discounted with reference to market yields at the end of the reporting period on high quality corporate bonds. Rates are reviewed periodically, and given the nature of the estimate, reasonably possible changes are not considered likely to have a material impact.

Employee entitlements

In estimating the value of employee benefits, consideration is given to expected future salary and wage levels (including on-cost rates), experience of employee departures, and periods of service. The assumptions are reviewed periodically and, given the nature of the estimate, reasonably possible changes in assumptions are not considered likely to have a material impact.

Expected credit losses

CSLR is entitled to levies as set out in legislation passed by the Australia Government and as required by law. Levies are collected by ASIC on behalf of CSLR. A statutory receivable is recognised when ASIC raises the initial levy, which then converts to a trade receivable when ASIC communicates the passthrough of collected levies to CSLR. Expected credit losses are estimated to be nil given the levies receivable are a matter of legislation. This estimate is reviewed annually based on the history of collectability, potential changes in legislation and any other relevant facts or circumstances.

Notes to the financial statements
for the period ended 30 June 2024

5. Levy income

	From 05.07.2023 to 30.06.2024 \$'000
Annual Levy	1,310
Pre-CSLR Levy	2,448
Total Levy income	3,758

Annual Levy and One-Off Levy

Both the Annual Levy and the One-Off Levy are expected to be received in advance, for the purpose of funding Claims during a given financial year. CSLR recognises a financial asset, representing a statutory receivable under AASB 9 financial instruments, when ASIC raises the relevant levy. Where CSLR has submitted an Annual Levy or Pre-CSLR Levy determination prior to the end of a financial year (in advance), a financial asset will only be recognised in the relevant financial year to which it relates. CSLR then recognise a corresponding financial liability when the Annual Levy is initially recognised and recognise Levy income when an individual Claims expense (and liability) is recognised.

6. Other income

	From 05.07.2023 to 30.06.2024 \$'000
Government subsidies for establishment of CSLR	157
Other Income	599
Investment Income	48
Total Other income	804

7. Compensation claims expense

	From 05.07.2023 to 30.06.2024 \$'000
Claims - Personal financial advice	1,096
Claims - Credit provision	204
Total Compensation claims	1,300

8. Employee benefits expense

	From 05.07.2023 to 30.06.2024 \$'000
Salaries and wages	369
Superannuation	41
Other employee benefits	29
Employee insurance	2
Directors' fees	72
Total Employee benefits	513

9. Cash and cash equivalents

	2024 \$'000
Cash at bank and in hand	3,528

Notes to the financial statements
for the period ended 30 June 2024

10. Trade and other receivables

	2024 \$'000
Statutory receivables ¹	240,858
Deposits to suppliers	20
Other receivables	3
GST receivable	186
Total trade and other receivables	241,067

¹Statutory receivables relates to the amount owing from Department of Treasury as at 30 June 2024 for the pre-CSLR levy.

11. Property, plant and equipment

	2024 \$'000
Plant & Equipment	
Balance at 1 July 2023	-
Additions	56
Amortisation	(4)
Balance at 30 June 2024	52

Movement in carrying amounts

Balance at 1 July 2023	-
Additions	56
Amortisation	(4)
Balance at 30 June 2024	52

12. Intangible assets

	2024 \$'000
Carrying amount	
Capitalised Development - Software	
At Cost	543
Accumulated amortisation and impairment	(27)
	516

Movements in carrying amount

Balance at 1 July 2023	-
Additions	543
Amortisation	(27)
Balance at 30 June 2024	516

Intangible assets solely relate to a claims management system. AFCA received government grant funding for the establishment of the scheme, which was used to fund the claims management system. No consideration was paid by CSLR to AFCA for the claims management system.

Notes to the financial statements
for the period ended 30 June 2024

13. Trade and other payables

	2024 \$'000
Trade payables ¹	284
Amounts payable to related parties	1,662
Accrued expenses	68
Total trade and other payables	2,014

¹Trade payables consist of amounts owing for goods and services rendered which have a credit period not exceeding 30 days. The company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

14. Deferred Income – Levies

	2024 \$'000
Pre-CSLR Levy	238,410
Annual levy	1,870
Total Deferred Income	240,280

15. Employee benefit liabilities

	2024 \$'000
Carrying amount	
Current	
Annual Leave	23
Total current provisions	23
Non-current	
Long service leave	6
Total non-current provisions	6
Total provisions	29

Movement in provisions

	Annual Leave \$'000	Long service leave \$'000
Carrying amount as at 1 July 2023	-	-
Additions	23	6
Carrying amount as at 30 June 2024	23	6

16. Provision for Claims

	2024 \$'000
Opening balance	-
Additional provisions raised	549
Amounts utilised	-
Carrying amount as at 30 June 2024	549

Notes to the financial statements
for the period ended 30 June 2024

17. Remuneration of auditors

	2024 \$'000
Audit services	15
Non-audit services	-
Total	15

The auditor of CSLR is Moore Australia.

18. Contingent liabilities and contingent assets

Of the 88 claims received by CSLR where an AFCA determination and AFCA Appropriate Steps Notice has been received and the compensation eligibility is not yet assessed, the estimated compensation is \$9,369,171. The estimated compensation is calculated as the AFCA Determination amount less any offsets, capped at the CSLR compensation limit of \$150,000. The calculation excludes the interest amount a claimant may be eligible for with this calculated at point of eligibility.

19. Subsequent events

Subsequent to balance date CSLR have receipted \$232,529,634 of the pre-CSLR complaints levy of \$240,857,800. The legislation requires payment of the pre-CSLR complaints levy by the ten-largest banking and general/life insurance groups by income from financial year 2021-2022, as reported by the Australian Taxation Office (ATO).

An unsecured overdraft facility of \$7,000,000 was in place for CSLR with Westpac Banking Corporation on 30 June 2024. The overdraft was advanced on 31 May 2024 and removed on 31 July 2024. The facility was not utilised during this period.

20. Related Party Disclosure

During the course of the year covered by this report, the sole member of CSLR was Australian Financial Complaints Authority Limited (ACN 620 494 340) (AFCA).

As required under the Treasury Laws Amendment (Financial Services Compensation Scheme of Last Resort) Act 2023, section 1069(B) and 1069(C), CSLR is required to reimburse AFCA's fees and charges that are within scope of the Scheme.

Transactions with related parties

During the year, the following related party transactions occurred:

	From 05.07.2023 to 30.06.2024 \$'000
CSLR operational costs	68
AFCA complaint fees and charges	1,443
	1,511

At the end of the period, the following balances were outstanding between CSLR and AFCA

	2024 \$'000
CSLR operational costs payable	75
AFCA complaint fees and charges payable	1,587
Total amounts payable to AFCA	1,662

21. Remuneration of key management personnel

	From 05.07.2023 to 30.06.2024 \$'000
Aggregate key management personnel compensation	511

No loans have been made to key management personnel of CSLR.

Notes to the financial statements
for the period ended 30 June 2024

22. Reserves

	2024 \$'000
Capital reserves	1,667
Total capital reserves	1,667

Movement in capital reserves

	2024 \$'000
Carrying amount as at 1 July 2023	-
Additions	1,667
Balance at end of year	1,667

Under the Financial Services Compensation Scheme of Last Resort Levy (Collection) Act 2023, CSLR is required to maintain a total and cumulative capital reserve of \$5 million, with one third receivable in the period ended 30 June 2024. The purpose of the capital reserve is to allow CSLR to have sufficient funds to meet potential shortfalls or operational requirements, as needed.

23. Borrowings

An unsecured overdraft facility of \$7,000,000 was in place for CSLR with Westpac Banking Corporation on 30 June 2024. The overdraft was advanced on 31 May 2024 and removed on 31 July 2024. The facility was not utilised during this period.

VICTORIA

Level 44, 600 Bourke Street
Melbourne VIC 3000
T +61 3 9608 0100

Level 3, 237 Ryrie Street
Geelong VIC 3220
T +61 3 5215 6800

TASMANIA

161 St John Street
Launceston TAS 7250
T +61 3 6334 0500

victoria@moore-australia.com.au
www.moore-australia.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COMPENSATION SCHEME OF LAST RESORT LIMITED

Opinion

We have audited the accompanying financial report of Compensation Scheme of Last Resort Limited (the Company), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the period 5 July 2023 to 30 June 2024, notes comprising a summary of material accounting policy information and other explanatory notes and the directors' declaration.

In our opinion:

- a. the financial report of Compensation Scheme of Last Resort Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Company's financial position as at 30 June 2024 and of their performance for the period 5 July 2023 to 30 June 2024; and
 - ii. complying with Australian Accounting Standards – Simplified Disclosure and the *Corporations Regulations 2001*;

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of *Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the period 5 July 2023 to 30 June 2024, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report 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.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australia Accounting Standards – Simplified Disclosure and the *Corporations Act 2001* and for such internal control as the directors determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at: https://auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



G S Dakis
Partner – Audit and Assurance
[Moore Australia Audit \(VIC\)](#)
Melbourne, Victoria

23 September 2024



Moore Australia Audit (VIC)
ABN 16 847 721 257
Chartered Accountants