

**COMPENSATION SCHEME OF LAST RESORT LIMITED**

**ACN 669 477 052**

Financial report for the year ended 30 June 2025

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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 year ended 30 June 2025. 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 year are:

**Ms Jo-Anne Bloch – Independent Board Chair**

Jo-Anne Bloch commenced as the inaugural Chair of the Compensation Scheme of Last Report on 1 February 2024.

Jo-Anne has 40 years of experience in all aspects of the financial services industry, predominantly in superannuation and financial advice, customer experience, and innovation. Jo-Anne has worked in commercial enterprise, government and industry associations spanning the UK and Europe, the US and Australia. Jo-Anne's leadership roles include CEO and Director of the Financial Planning Association of Australia and Senior Partner of Mercer.

Jo-Anne has notably held various directorships, including Chair of Zurich Assure and the Director of the Association of Superannuation Funds Australia. She is currently the Chair and non-executive director of a portfolio of commercial and not-for-profit organisations.

Jo-Anne is also a member of Chief Executive Women, a Mentor with Mentor Walks, and she is a Fellow of the Australian Institute of Company Directors.

**Ms Delia Rickard**

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

Delia has over thirty 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 a director of Ecstra. Delia also chairs AHPRA's Rapid Regulatory Response 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 also a Non-Executive Director of the Trustee of Colonial First State and Chairman of Playfair Asset Management. He also sits on Deakin University's Investment Committee and on the advisory board of the Conexus Institute. He is a Fellow of the Actuaries Institute of Australia and he holds a Bachelor of Commerce degree from the University of Toronto.

Directors have been in office since the start of the financial year 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 2024, the members of AFCA comprised 10,290 active financial firms, and 37,285 active authorised credit representatives.

The principal activities of the CSLR during the year 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.

The comparative period to 30 June 2024 in the financial statements is from 5 July 2023 to 30 June 2024.

**Review of operations**

The loss of CSLR for the year ended 30 June 2025 amounted to \$89,687 (2024: surplus of \$567,804). The loss for the year relates to the depreciation for plant and equipment and intangible assets. In normal course of operations, CSLR generates nil net profit.

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

**Changes in the state of affairs**

There were no significant changes in the state of affairs of CSLR during the financial year.

### Subsequent events

No significant events have occurred since the end of year ended 30 June 2025 which would impact on the financial report of the Company for the year ended on that date.

### 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 year ended 30 June 2025, and the number of meetings attended by each Director were:

CSLR Ongoing Board	Eligible to Attend	Attended	Chaired	Date of Appointment	Date Appointment Ceased
Jo-Anne Bloch (Chair)	7	7	7	1 February 2024	
Kevin O'Sullivan	7	7		10 January 2024	
Delia Rickard	7	7		1 January 2024	

### Indemnification and Insurance of officers and auditors

CSLR has not during or since the end of the financial year, 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 year.

### Auditor's independence declaration

The auditor's independence declaration is included on page 6.

### Rounding off of amounts

CSLR is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 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



Ms Jo-Anne Bloch  
Chair  
Melbourne, 24 September 2025

**Directors' declaration**

The directors declare that, in the directors' opinion:

- (a) the attached consolidated financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2025 and its performance for the year ended on that date; and
  - (ii) complying with the Australian Accounting Standards and the *Corporations Regulations 2001*;
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (c) the company has not prepared a consolidated entity disclosure statement as it was not a part of a consolidated group and did not have any controlled entities at the end of the financial year, or at any time during the financial year.

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, 24 September 2025

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## **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 year ended 30 June 2025, 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  
24 September 2025



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

## Compensation Scheme of Last Resort Limited

### Statement of profit and loss and other comprehensive income for the year ended 30 June 2025

	Notes	Year ended 30 June 2025 \$'000	Period ended 30 June 2024 \$'000
Levy income	6	7,892	1,876
Other Income	7	12,387	804
Employee benefits expense	8	(1,634)	(513)
Administrative expenses		(2,624)	(666)
ASIC administrative expenses		(1,286)	-
Future claims expenses	5	(14,624)	(861)
Amortisation and Depreciation		(135)	(32)
Other expenses		(65)	(41)
<b>(Deficit)/surplus before tax</b>		<b>(90)</b>	<b>568</b>
Income Tax		-	-
<b>(Deficit)/surplus for the year</b>		<b>(90)</b>	<b>568</b>
Other comprehensive income, net of tax		-	-
<b>Total comprehensive (loss)/income for the year</b>		<b>(90)</b>	<b>568</b>

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 2025

	Notes	30 June 2025 \$'000	30 June 2024 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	2,045	3,528
Term deposits	22	213,000	-
Trade and other receivables	10	5,576	241,067
<b>Total current assets</b>		<b>220,621</b>	<b>244,595</b>
<b>Non-current assets</b>			
Plant and equipment	11	35	52
Intangible assets	12	444	516
<b>Total non-current assets</b>		<b>479</b>	<b>568</b>
<b>Total assets</b>		<b>221,100</b>	<b>245,163</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	1,631	2,014
Provision for future claims and expenses	5	213,280	240,280
Employee benefit liabilities		80	23
Provision for claims in progress	15	2,212	549
Other current liabilities		80	56
<b>Total current liabilities</b>		<b>217,283</b>	<b>242,922</b>
<b>Non-current liabilities</b>			
Employee benefit liabilities		5	6
<b>Total non-current liabilities</b>		<b>5</b>	<b>6</b>
<b>Total liabilities</b>		<b>217,288</b>	<b>242,928</b>
<b>Net assets</b>		<b>3,811</b>	<b>2,235</b>
<b>Equity</b>			
Capital reserves	21	3,333	1,667
Accumulated surplus		478	568
<b>Total equity</b>		<b>3,811</b>	<b>2,235</b>

The above 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 year ended 30 June 2025

	Accumulated surplus	Capital Reserves	Total equity
	\$'000	\$'000	\$'000
<b>Balance at 01 July 2024</b>	<b>568</b>	<b>1,667</b>	<b>2,235</b>
Deficit for the year	(90)	-	(90)
Total comprehensive loss for the year	(90)	-	(90)
Increase in capital reserves	-	1,666	1,666
<b>Balance at 30 June 2025</b>	<b>478</b>	<b>3,333</b>	<b>3,811</b>

	Accumulated surplus	Capital Reserves	Total equity
	\$'000	\$'000	\$'000
<b>Balance at 05 July 2023</b>	-	-	-
Surplus for the period	568	-	568
Total comprehensive income for the period	568	-	568
Increase in capital reserves	-	1,667	1,667
<b>Balance at 30 June 2024</b>	<b>568</b>	<b>1,667</b>	<b>2,235</b>

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

## Compensation Scheme of Last Resort Limited

### Statement of cash flows for the year ended 30 June 2025

	Year ended 30 June 2025 \$'000	Period ended 30 June 2024 \$'000
<b>Operating activities</b>		
Levies received	265,446	4,846
Government grants	-	157
Payments to claimants	(48,268)	(750)
Payments to suppliers and employees	(12,515)	(773)
<b>Net cash from operating activities</b>	<b>204,663</b>	<b>3,480</b>
<b>Investing activities</b>		
Investment in term deposits	(213,000)	-
Interest received	6,854	48
<b>Net cash (used in)/from investing activities</b>	<b>(206,146)</b>	<b>48</b>
<b>Financing activities</b>		
<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,483)</b>	<b>3,528</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>3,528</b>	<b>-</b>
<b>Cash and cash equivalents at end of the period</b>	<b>2,045</b>	<b>3,528</b>

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.

Certain comparative figures have been reclassified to conform with the presentation adopted for the current financial year.

**(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 (Rounding in Financial/Director's Reports) 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 2024, the members of AFCA comprised 10,290 active financial firms, and 37,285 active authorised credit representatives.

The principal activities of the CSLR during the year 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.

## 2. Adoption of New and Revised Accounting Standards

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

In the current year, 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. There have been no adoption of any new or revised Standards and Interpretations this year and no material impact to CSLR's accounting policies for the current or prior years.

### 2.2 Standards and Interpretations in issue not yet adopted

At the date of authorisation, CSLR has not applied the following new and revised Australian Accounting Standards, interpretations and amendments that have been issued but are not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027

### **AASB 18 *Presentation and Disclosure in Financial Statements* (effective 1 January 2027)**

AASB 18 will replace AASB 101 *Presentation of Financial Statements*. This Standard will not change the recognition and measurement of items in the financial statements but will affect presentation and disclosure in the financial statements, including introducing new categories and subtotals in the statement of profit or loss, requiring the disclosure of management defined performance measures, and changing the grouping of information in the financial statements.

## 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 Australian Government, 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 was 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 and ASIC operating costs and capital reserve contribution.

When levies are receivable, CSLR recognises a financial asset and a corresponding provision for future claims and expenses, representing CSLR's obligation to spend the levies primarily on claims and AFCA fees. The provision is partially extinguished or utilised as and when claims are processed, and AFCA fees are paid or accrued. Any amounts remaining in the provision at the end of the reporting period represent CSLR's obligation to utilise any unspent levies on future levy costs including claims and AFCA fees as and when they arise.

Levy income relating to CSLR's operational expenditure, excluding claims and AFCA fees, is recognised on receipt.

### 3. Summary of Material Accounting Policies (continued)

#### (a) Revenue recognition and income (continued)

##### 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.

##### Interest Income

CSLR earns interest income through bank accounts and term deposits. It is recognised when received or on a monthly or annual basis for any cash that has not been credited to CSLR bank accounts. When interest income is earned in a period, CSLR will also recognise an increase to the provision for future claims.

#### (b) Income tax

CSLR 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.

##### *(ii) Financial liabilities*

CSLR measures all financial liabilities initially at amortised 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.

**3. Summary of Material Accounting Policies (continued)****(e) Employee benefits (continued)***(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.

*(iii) Other long-term employee benefit obligations (continued)*

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

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.

Provision for future claims and expenses

When levies are receivable, CSLR recognises a financial asset and a corresponding provision for future claims and expenses, representing CSLR's obligation to spend the levies primarily on claims and AFCA fees. The provision is partially extinguished or utilised as and when claims are processed, and AFCA fees are paid or accrued. Any amounts remaining in the provision at the end of the reporting period represent CSLR's obligation to utilise any unspent levies on future levy costs, including claims and AFCA fees as and when they arise.

CSLR may invest funds received from levies, entitling CSLR to interest income. Any such interest income forms part of CSLR's cash to facilitate future claims and expenses. As such, when interest income is earned on unspent levies, CSLR also recognises a corresponding increase in the provision for future claims and expenses.

**(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.

**3. Summary of Material Accounting Policies (continued)****(h) Plant and equipment**

Plant and equipment are stated at cost less accumulated depreciation, based on historical costs. Cost includes expenditure that is directly attributable to the acquisition of the item.

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. 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

**(i) 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

**(j) 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.

**(k) 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.



#### 4. Critical accounting estimates (continued)

##### *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 minimal 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.

##### Future claims and expenses

Details are included in note 5.

**5. Provision for future claims and expenses**

CSLR receives levies from participants in the financial services sector, across four sub-sectors. Levies for a given financial year are determined in advance based on actuarial principles.

When a levy is receivable by CSLR, being when ASIC invoices participants, CSLR also recognises a corresponding provision for future claims. This represents the fact that levies will primarily be spent on the payment of claims. Any levies relating to operational expenses which remain unspent at the end of a period must be used for future levy costs in future periods. Such expenses also form part of the provision for future claims and expenses.

**Movement in provision for future claims**

	<b>Pre-CSLR Levy \$'000</b>	<b>Annual Levy - 2024 \$'000</b>	<b>Annual Levy - 2025 \$'000</b>	<b>Total \$'000</b>
Balance as at 01 July 2024	238,410	1,870	-	240,280
<u>Additional provisions recognised in the period</u>				
Levies receivable in the period, net of bad debts	-	-	14,276	14,276
Future claims expense <sup>1</sup>	11,367	-	3,256	14,623
Levy penalties received	278	-	25	303
Recoveries received	18	-	-	18
	11,663	-	17,558	29,221
<u>Amounts utilised in the period</u>				
Claims paid	(37,254)	-	(11,014)	(48,268)
Transfers to claims in progress (refer to Note 15)	(1,432)	-	(231)	(1,663)
AFCA fees paid or payable	(4,144)	-	(2,144)	(6,289)
	(42,830)	-	(13,389)	(56,220)
<b>Carrying amount as at 30 June 2025</b>	<b>207,242</b>	<b>1,870</b>	<b>4,168</b>	<b>213,280</b>

	<b>Pre-CSLR Levy \$'000</b>	<b>Annual Levy - 2024 \$'000</b>	<b>Total \$'000</b>
Balance as at 05 July 2023	-	-	-
<u>Additional provisions recognised in the period</u>			
Levies receivable in the period, net of bad debts	240,858	1,304	242,162
Future claims expense <sup>1</sup>	-	861	861
	240,858	2,165	243,023
<u>Amounts utilised in the period</u>			
Claims paid	(750)	-	(750)
Transfers to claims in progress (refer to Note 15)	(423)	(126)	(549)
AFCA fees paid or payable	(1,275)	(169)	(1,444)
	(2,448)	(295)	(2,743)
<b>Carrying amount as at 30 June 2024</b>	<b>238,410</b>	<b>1,870</b>	<b>240,280</b>

<sup>1</sup> Future claims expenses comprise \$12,341,000 of interest income to be used for the payment of future levy costs (2024: \$48,000) and \$2,282,000 of levies to be used on future levy costs (2024: \$813,000).

Notes to the financial statements  
for the year ended 30 June 2025

**6. Levy income**

	Year ending 30 June 2025 \$'000	Period ending 30 June 2024 \$'000
Annual Levy	7,892	1,876
	<b>7,892</b>	<b>1,876</b>

Levy income is recognised only for levies related to CSLR's and ASIC's operational costs incurred in a financial period. Levies primarily fund the payment of claims, where CSLR recognises a provision for future claims when levies for a financial period are receivable, being when levies are invoiced by ASIC. Refer to Note 5 for further information.

**7. Other Income**

	Year ending 30 June 2025 \$'000	Period ending 30 June 2024 \$'000
Government subsidies for establishment of CSLR	-	157
Investment income	12,341	48
Other Income	46	599
	<b>12,387</b>	<b>804</b>

Investment income relates to interest earned on financial assets, such as bank accounts and term deposits, arising from levies received. Interest earned on these balances will be used to fund levy costs. As such, CSLR recognises an increase to the future claims provision as and when interest income is earned. Refer to Note 5.

**8. Employee benefits expense**

	Year ending 30 June 2025 \$'000	Period ending 30 June 2024 \$'000
Salaries and wages	1,163	369
Superannuation	142	41
Other employee benefits	155	29
Employee insurance	11	2
Directors Fees	163	72
	<b>1,634</b>	<b>513</b>

No employee of CSLR receives incentive payments, including annual bonuses.

**9. Cash and cash equivalents**

	2025 \$'000	2024 \$'000
Cash at bank and in hand	2,045	3,528
	<b>2,045</b>	<b>3,528</b>

Notes to the financial statements  
for the year ended 30 June 2025

**10. Trade and other receivables**

	<b>2025</b> <b>\$'000</b>	<b>2024</b> <b>\$'000</b>
Statutory receivables <sup>1</sup>	-	240,858
Interest income accrual	5,487	-
Deposits to suppliers	-	20
Prepayments	62	3
GST receivable	27	186
	<b>5,576</b>	<b>241,067</b>

<sup>1</sup>Statutory receivables for 2024 relate to the amount owing from the Department of Treasury for the pre-CSLR Levy. This Levy was received in the current financial year.

**11. Plant and equipment**

	<b>2025</b> <b>\$'000</b>	<b>2024</b> <b>\$'000</b>
At cost	56	56
Accumulated depreciation	(21)	(4)
<b>Balance at the end of the period</b>	<b>35</b>	<b>52</b>

**Movement in carrying amounts**

	<b>2025</b> <b>\$'000</b>	<b>2024</b> <b>\$'000</b>
Balance at beginning of the period	52	-
Additions	-	56
Depreciation for the period	(17)	(4)
<b>Balance at the end of the period</b>	<b>35</b>	<b>52</b>

**12. Intangible assets**

	<b>2025</b> <b>\$'000</b>	<b>2024</b> <b>\$'000</b>
<b>Carrying amount</b>		
Capitalised Development - Software		
At cost	588	543
Accumulated amortisation and impairment	(144)	(27)
	<b>444</b>	<b>516</b>

Notes to the financial statements  
for the year ended 30 June 2025

**12. Intangible assets (continued)**

<b>Movements in carrying amounts</b>	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning of the period	516	-
Additions	45	543
Amortisation	(117)	(27)
<b>Balance at the end of the period</b>	<b>444</b>	<b>516</b>

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.

<b>13. Trade and other payables</b>	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Accounts Payable <sup>1</sup>	235	284
Payable to related parties	1,228	1,662
Accruals	168	68
	<b>1,631</b>	<b>2,014</b>

<sup>1</sup>Trade payables consist of amounts owing for goods and services 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. Employee benefit liabilities**

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Annual leave	80	23
<b>Total current provisions</b>	<b>80</b>	<b>23</b>
<b>Non-current</b>		
Long service leave	5	6
<b>Total non-current provisions</b>	<b>5</b>	<b>6</b>
<b>Total provisions</b>	<b>85</b>	<b>29</b>

**14. Employee benefit liabilities (continued)****Movement in employee benefit provisions**

	<b>Annual leave \$'000</b>	<b>Long service leave \$'000</b>
Carrying amount as at 01 July 2024	23	6
Movement	57	(1)
<b>Carrying amount as at 30 June 2025</b>	<b>80</b>	<b>5</b>
Carrying amount as at 05 July 2023	-	-
Movement	23	6
<b>Carrying amount as at 30 June 2024</b>	<b>23</b>	<b>6</b>

**15. Provision for Claims in Progress**

	<b>2025 \$'000</b>	<b>2024 \$'000</b>
Balance at beginning of the period	549	-
Additional provisions made (refer to Note 5)	1,663	549
<b>Balance at the end of the period</b>	<b>2,212</b>	<b>549</b>

The provision for claims in progress relates entirely to claims which are currently being assessed by CSLR. Specifically, these are claims where CSLR has deemed the claim is eligible and CSLR is able to reliably estimate the expected amount to settle the claim.

**16. Remuneration of auditors**

	<b>2025 \$'000</b>	<b>2024 \$'000</b>
Audit services	39	15
	<b>39</b>	<b>15</b>

The auditor of CSLR is Moore Australia.

**17. 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.

**18. Subsequent events**

No significant events have occurred since the end of year ended 30 June 2025 which would impact on the financial report of the Company for the year ended on that date.

**19. 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 from CSLR to AFCA occurred:

	<b>Year ended 30 June 2025 \$'000</b>	<b>Period ended 30 June 2024 \$'000</b>
Operational costs	183	68
AFCA complaint fees and charges	6,289	1,443
	<b>6,472</b>	<b>1,511</b>

At the end of the period, the following balances were outstanding from CSLR to AFCA:

Operational costs payable	40	75
AFCA complaint fees and charges payable	1,188	1,587
<b>Total amounts payable to AFCA</b>	<b>1,228</b>	<b>1,662</b>

**20. Remuneration of key management personnel**

	<b>Year ended 30 June 2025 \$'000</b>	<b>Period ended 30 June 2024 \$'000</b>
Aggregate key management personnel compensation	1,356	511
	<b>1,356</b>	<b>511</b>

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

## 21. Capital reserves

	2025 \$'000	2024 \$'000
Capital reserves	3,333	1,667
	<b>3,333</b>	<b>1,667</b>

## Movement in capital reserves

	2025 \$'000	2024 \$'000
Carrying amount at the beginning of the period	1,667	-
Additions	1,666	1,667
<b>Carrying amount at the end of the period</b>	<b>3,333</b>	<b>1,667</b>

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 received in the period ended 30 June 2024 and one third received in the year ended 30 June 2025. The remaining third is receivable in the year ended 30 June 2026. The purpose of the capital reserve is to allow CSLR to have sufficient funds to meet potential shortfalls or operational requirements, as needed.

## 22. Term Deposits

Term deposits have a maturity at inception of greater than three months.



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## 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 2025, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, 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 2025 and of its performance for the year ended on that date; 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 year ended 30 June 2025, 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](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  
24 September 2025



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